INDIA MORTGAGED

A MARXIST-LENINIST APPRAISAL

T. NAGI REDDY

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Publishers' Note

We are glad to publish a statement made by comrade T Nagi Reddy in the court of Additional Sessions Judge, Hyderabad, Andhra Pradesh (India) in the months of Feb-March 1972, under the title, **India Mortgaged.** Comrade T. Nagi Reddy has made this statement while defending himself in a Conspiracy Case (Known as 'Hyderabad Conspiracy Case' or 'T. N. Conspiracy Case') foisted against him and his collegues by the State Government of Andhra Pradesh.

We extend our heartfelt thanks to all the well-wishers and friends who have generously and with profound affection towards comrade T. Nagi Reddy helped in more than one way to the publication of this book.

We have to admit here that there are certain errors and imperfections in the printing of the book. We could try only to minimise but not totally avoid them. We regret for the same.

Here it may not be out of place to introduce ourselves in a word. Our Trust has come into existence to propagate Marxism-Leninism-Mao Tsetung Thought through literary, cultural, educational and other activities, for the principles of which comrade T. Nagi Reddy stood and worked for till the last moment of his life i. e., 28-7-1976. Publication of comrade T. Nagi Reddy's book is our first step to translate our aim into practice.

July 12, 1978 *Tarimela Nagi Reddy Memorial Trust*

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FOREWORD

I

The Indian Communist Movement is of more than fifty years age. Though it is too short a time to reckon with when compared to the thousands of years of our Country's history, it is fairly a long period in view of advancing world revolution which has provided a rich experience of unique nature. The Great October Revolution and the successful Chinese revolution are the products of this period. Everyone knows that they have played and are still playing a decisive role in shaping the course of world events.

It is a fact that the leadership of the communist movement has failed to deliver the goods as far as the Indian Revolution is concerned, because it could neither understand nor resolve the fundamental problems facing the revolution. As such right and 'Left-opportunism' was the order of the day, leading to splits and further splits. At the same time we can not minimise the role of revolutionary struggles—national as well as class struggles—and revolutionary movements led by the communists during this period. The communist revolutionaries representing the trend of revolutionary Marxism-Leninism have their roots in them. Experience of last one decade has shown that they have begun to reply the questions and resolve the problems relating to the Indian Revolution.

The role of imperialism in the period of pre-transfer of power and aftermath, needs a correct understanding not only for communist revolutionaries, but also for all anti-imperialist and democratic forces. Then alone they can adopt a correct attitude towards it. The same is needed in respect of the bourgeoisie as a whole and its sections as well Comprador as well as national. The same is the case with feudalism. This is all the more important because, imperialist and pro-imperialist ideologues assert that there is no imperialism and feudalism in India. Consequently, they assert that it is capitalism that dominates Indian society, though feudal relations can be found here and there with varying degrees of difference.

Rs. 1050 crores in 1978 (both the figures are estimated) according to Indian Express, December 12, 1977. It is considerably a higher figure than what was in 1971-72. According to the same source, exports from India to U.S.S.R. of "non-traditional items", are as following for 1978 :

Steel structurals, Storage instruments.

Garrage equipment hand tools.

Medical and Surgical instruments.

Aluminium power cables.

Electronic instruments, etc.

These are in addition to "traditional export items", such as Tea, Coffee, Spices, Cashew Kernals.

The spokesmen of the government are making much publicity of exports in the socalled non-traditional items as mentioned above. Most of these "non-traditional items" are the products of the industries set up by either with the aid or in collaboration with Soviet Union or East European countries. They are products of cheap labour and cheap raw materials available in this country. Therefore they are purchasing them at cheap prices so that they may sell them abroad at high prices, and make profits out of these deals.

The same source says, "An important addition to the list in 1978 is machinary equipment manufactured at industrial enterprises built in India with Soviet assistence, valued at over Rs. 90 million. These are meant for projects set up with Soviet assistence in third countries". This is how the Soviet Union is asserting its ownership on the industrial enterprises built in India with Soviet assistence. India's economic backwardness prevents her from consuming what all India produces. She can not sell her surplus in the international market in open competition even if there is some scope in the developing countries. Soviet Union dictates India to transfer the surplus to third world countries so that the Soviet Union may appropriate the price of the equipment, which is exhorbitant and is more than international price.

There is also a list of imports in which Soviet Union replaces partially western countries in exporting Kerosene, Crude etc. There other items which can be done away with because India can produce them (Urea, Cotton, Asbestos etc). But the most important aspect of imports is importing "components, raw materials and spare parts for the Soviet assisted projects in India". Thus the Soviet-assisted projects are made more or less permanently dependent on the aid-giving country. The people are made to believe that the Soviet aid is meant for developing an independent economy in India. Facts proved contrary.

The so-called 'aid' extended by Soviet Union has not stopped at maintaining the 'Status-quo' in India, in the sense that she has been helping the ruling classes, by way of supplementing her aid to that of Western countries. On the other hand the 'aid' has developed into one of hegemonism in form and content because of its unequal nature, fecilitating the imperialist plunder of Soviet Union. The Soviet Union has gone a long way in controlling Indian Defence, especially the Navy and Air Force with supply of sophisticated equipment to armed forces in general and Border Forces in particular. Soviet Union's role in shaping and implementing the war policies (Indo-Pakistan wars of 1965 and 1970), in forcing an unequal and imperialist Treaty (Indo-Soviet Treaty of Friendship and Co-operation), and the Fascist repression culminating in proclamation of Emergency, during the latter part of Congress regime provide ample evidence of her hegemonism in India. Therefore, the Soviet Union has become a hegemonistic power, in India. She continues to be the same even after a change in the government in 1977, with somewhat reduced strength.

II

The Soviet Union is supposed to be providing India, an 'aid' on much favourable terms and without any 'political strings', as claimed by revisionists and neo-revisionists. If the Indo-Soviet Treaty of Friendship and co-operation has any meaning, it is not only 'political strings' but also economic and military 'strings', with which the Soviet 'aid' is provided. The terms cannot be favourable, when the 'aid' is reducing the ecqnomy totally dependent on aid-giving country

The choice for India is not one between more favourable terms and less favourable terms or partial dependence and total dependence. It is between dependence and independence. It applies, not only to Western Countries but also to Soviet Union. They have to sell their industrial goods, i. e., plants, equipment, machinery and technical know-how out right and India has to purchase it on that basis, so that the ownership in the real sense of the term is enjoyed by India and India alone, without being dependent either for spare parts or for markets of the surplus products. This applies not only to economy as a whole, but also for defence. It is the two super powers which have become a menace for India, because it is they who are dominating our country in all fields; political, economic, military and cultural. The character of the domination is imperialist.

If this is the state of affairs ever since 1970, when the author completed this work, is it not correct to conclude that the imperialist domination especially that of the two super powers is growing every passing day which in turn intensifies their contradictions. A struggle for independence against the hegemonism of the two super powers and liquidation of imperialism is anything but justified.

III

Imperialism has stayed in India for fairly a long time, which is already over due. The advancing national liberation movement, before and after the transfer of power could not stem its development in the sense of export of finance capital with all its concomittants. The Comprador Bourgeoisie is the by-product of imperialism. The prolonged presence of imperialism fecilitated its growth rather than retarding it, not to speak of having no comprador bourgeoisie at all. The author has marshalled numerous facts and figures, analysed them, and drawn conclusions that India has its major share of Comprador Bourgeoisie, which is the creation of imperialism. Those who have doubts about it, in the absence of any data can go through the facts and convince themselves about its existence.

There are some who do not relish the word "comprador" and want to substitute with some other word which they have not yet found! If we are in a position to substitute or coin some word for imperialism, we can as well do the same for comprador bourgeoisie. It is obvious that it is impossible. At the same time it is not the words that matters us. It is the concept that matters much. The concept of comprador bourgeoisie is quite in accordance with that of imperialism. If some one has an elergy towards it, for his own reason, no body can help him. Some times it is the bourgeois nationalism which is coming in the way of accepting this objective reality.

Imperialism, for its survival is adopting ever so-many new forms—economic as well as political—in the former colonial countries. India being one, and an important one at that. Collaboration arrangements is one such form which has been adopted extensively after the Second World War. The sum and substance of the arrangements is total dependence on foreign powers, Western as well as Soviet Union. Indian big business which is collaborationist is the comprador bourgeoisie, doning the mantle of collaboration. The rapid growth of big business is inseparably linked with the growth of foreign capital in India. Added to this, the public sector is also collaborationist i. e, comprador in character, though it consumes the finances from State budgets in considerable measure.

If the author has provided the figures available by 1970, we have some pertaining to the period between 1972 and 1975, which are not so comprehensive. According to official sources, the assets of the 20 top industrial houses in the country have risen from Rs 3,059 to 4,485 crores (about 46 per cent). The Tatas and Birlas top the list with a distinction of being the first and second for the last three decades! If the Tatas rate of

growth is 43 per cent, the Birlas is 50 per cent. How is that the growth is phenomenal inspite of chronic economic crisis and recession. It can be explained on the basis of dumping of foreign capital on a massive scale and these industrial houses continue to be collaborationist. The big industrial houses always have their lion's share in the foreign loans. Part of the loans together with a part of their share of profits do add to the quantum of assets. It has become a perennial affair. And the official spokesmen of the ruling classes cannot hide it ! (The information was given in the parliament and appeared in the **Indian Express**, December 22, 1977).

It is usual for the spokesman of the government to talk of the so-called export oriented economy. It is well-known that there has been an adverse balance of trade althrough. Loans from imperialist powers has been a traditional form to cover it up. The present favourable position of Foreign Exchange reserves is the result of import of foreign capital on a massive scale, which is not at all an indication of a sound economy. On the other hand it is the same old practice of dumping foreign capital in its intensive form. A new pattern is being practiced, which envisages setting up the industries for export purposes. We can have an insight of such an industry in a news item appeared in **Indian Express** of 26. 12. '77, which is as following :

> *"Mandovi Pellets Ltd., a company jointly promoted by Chowgules and Steel Authority of India Limited (SAIL) and incorporated in Marmagoa, for the manufacture of iron ore pellets, is entering the capital market, some time in January 1978.*
>
> *The total cost of the project is about Rs. 24.73 crores from the equipment suppliers, Voest Alpines of Austria. Besides this credit, the company has also obtained an advance of Rs. 12.73 crores from the Consortium of Japanese Steel Mills, who are the buyers of pellets that would be manufactured by the company.*
>
> *As much as 87.5 per cent of the total cost of equipment, engine services, ocean frieght and spare parts will be supplied by Voest Alpine by way of deferred payment credit fecilities which is spread over 8 years. The same deferred payment credit will be repaid in 16 instalments after the company goes into production at an interest rate of seven per cent per annum.*
>
> *The company has obtained a licence for the import of the plant and machinery from Austria. The government has also approved the interest payable to Voest Alpine on deferred payment*

This long extract provides various aspects of foreign collaboration. The Chougules is one of the top big business houses which is expected to enjoy the fruits of this deal. The SAIL is mainly a government concern, consisting of Public Sector steel plants, which also shares the spoils of the deal. The two concerns together are having about 87.5 per cent of the total cost as a debt from foreign concerns. It is only 12.5 per cent, which is met by indigenous sources (share capital etc.). To cap all this, the entire production is already purchased by the Japanese steel monopoly concern, even before the production has begun! It clearly means that the concern is owned and controlled by Japan and other foreign monopolies and India gets foreign exchange by way of "exports" of pellots. Of course the big-business together with the government gets some remuneration, mostly in the name of profits etc, for the services they have rendered and are going to render, by way of supplying the cheap labour and cheap raw materials. This is how the export-oriented policy is implemented in its naked form. This is another form of comprodar nature of the top strata of private sector and the public sector, as a whole.

The comprador nature of our economy is clearer today than yetserday. When Indian workers working in the iron ore mines are facing a large scale retrenchment as the export quantity of iron ore is fastly dwindling because of world wide recession and glut in the steel market. The problem is not limited to retrenchment alone. The investment made by the government by way of developing railway lines, ports and other transport is becoming idle with no hope of revival. The international recession has already gripped the other sectors of the economy. Almost all industries are running below their capacity. As a result, unemployment, retrenchment, lock-outs and closures have become the order of the day. Therefore the working class and other sections of affected people have taken up the path of struggle to fight back the imperialist and comprador offensive. And it is a development desired by all anti-imperialist forces in India as well as the world.

IV

The revisionists and neo-revisionists have been living in the worlds of their own. These worlds are of ruling classes but certainly not of the revolutionary proletariat. For them, imperialism means western imperialism in general and U.S. imperialism in particular, as was the position existing immediately after the Second World War. They do not recognise the reality of the Soviet Union changing into social imperialist power, strong and powerful enough to become next only to America, and stronger and more powerful from military point of view. Herein lies the significance of their support of the hegemonistic policies of Soviet Union in India, masquarading them as Socialist. Thus they have become social-imperialists in India.

Their characterisation of a major part of Indian big bourgeoisie as national and anti-imperialist is a corralary of their departure from Marxism-Leninism. They have no explanation for the comprador bourgeoisie created by British imperialism during its colonial rule. They have no explanation for the comprador bourgeoisie created by foreign capital, especially that of U S., exported to our country on a massive scale, whose enormous proportion can be seen by the latest figure being more than Rs. 11,000 crores and American finance capital, about Rs. 3,000 crores as an outstanding debt besides the investment of the multinations. They have no explanation to offer regarding the comprador bourgeoisie created by Soviet finance capital, which is younger in age but stronger in power and influence. Consequently, they have become apologists of not only U.S. and Soviet imperialism but also the comprador bourgeoisie created by them. If the revisionists represent Soviet social imperialism and its comprador bourgeoisie, the neo-revisionists speak for imperialism and comprador bourgeoisie, as whole with an emphasis on Soviet social imperialism and its comprador bourgeoisie. There can be no other explanation, for the latter's alliance with Janata combine.

There was a time, when opposing U.S. imperialism was correctly considered as anti-imperialism because, it was and still is the leader of western imperialist powers. With the emergence of Soviet Union as an imperialist power, next only to America, anti-imperialism cannot be limited to anti-American imperialism alone. It has to be extended to Soviet Union as well. The two super powers have been contending for hegemoney not only on a world scale, but also on the soil of India. In view of the changed situation, anti-imperialism has no meaning if it does not include Soviet social imperialism. Contrary to this objective reality, they continue to treat the Soviet Union as a socialist country which is not. Hence their anti-imperialism is sham. If the revisionists identify themselves with Soviet Union, they are supporting one hegemonistic power against the other (U.S. imperialism). But the neo-revisionists support Soviet social imperialism together with welcoming multinationals, meaning that they are with imperialism as a whole as long as inter-imperialist contradictions do not reach a breaking point. They are bound to align themselves with social imperialism, when such a situation arises. Historical experience has proved that revisionism of all hues has served imperialism as a whole and the dominent imperialist powers in a given situation. The revisionists and neo-revisionists in our country are no exception to this.

Though a trend in the left adventurism has negated the role of national bourgeoisie in the people's democratic revolution, the discussion among the communist revolutionaries did not centre around this issue because it did not make much headway. Instead, the whole controversy was related to people's armed struggle as against individual terrorism in its various forms. The communist revolutionaries uphold the former and reject the latter. This is the reason why the left adventurist view point

to any degree worth mentioning, that a section of landlords and rich peasants could purchase machinary (tractors and pumpsets) from out of the loans they had from the governments and financial institutions together with grants and subsidies. The rest having traditional one i. e., ploughs, bullock carts etc., which represent feudal means of production. Due to rise in prices of oil in recent years a considerable part of the machinery is either lying idle or used for different purposes (tractor being used for transport).

(All these extracts are from **Indian Express**, dated May 22, 1978).

About the Land Ceiling Acts and their implementation, the less said, the better. Here is what an editorial by the **Indian Express** says

> ***The total surplus on the basis of present ceiling laws, which will become available for redistribution adds up to a paltry 4.2 million acres. Even if all this surplus is actually acquired and distributed, which is doubtful considering past performence, it will be hardly enough to satisfy a fraction of the vast masses of our land hungry agricultural labourers and poor peasants and will not bring about any significant transformation of land relations in the country-side.***" (May 19, 1978).

The editorial also suggests, "a basic revision of the concept and application of land reform aimed at land to tiller which is called for". It can only be the seizure of land from landlords and its distribution among the landless and those having small plots of land which cannot provide two meals a day. It is wrong to expect such a drastic step from the present regime representing the landlords.

The author has drawn the conclusion that in spite of land reforms including the Ceiling Acts, there is no change in the concentration of land with the class of landlords. The above paper has to concede it, though belatedly, in a different way that the present land ceiling acts "will not bring about any significant transform action of land relations in the country side."

There is tenancy, share-cropping and usury prevalent everywhere. But they do not come to the surface because the dealings are rather traditional and illicit. Together with land concentration and per-capitalist means of production these features do denote the predominence of feudal and semi-feudal relations all-over the country. It was so in 1970, and it continues to be the same even today (1978).

Does it mean that there are no changes what-so-ever? Yes, there are. The abolition of Zamindari system and Princely states is a change. The abolition of bonded labour system is a change. Enacting ceiling legislations is a change. Introduction of machinary, fertilisers, seeds of high yielding varieties etc., is a change. But the cumulative effect of these changes is not the development of capitalism, replacing feudalism. On the contrary, a new type of class of landlords is being developed, who are in power at various levels, who are appropriating the major part of the allocations from State and Central budgets including foreign loans. As a part of this feature, capitalist relations have developed to a marginal extent. Instead of understanding their highly limited nature, they are being embellished, only to relegate the task of agrarian revolution into the back-ground.

The capitalism is in a chronic crisis. There is a recession all over the world including India. Its impact on agriculture is serious. There is a glut in the market of food grains. Those who have surplus to sell (landlords and rich peasants) are not getting remunerative prices. The same is the case with commercial crops except the tea. As such even the marginal capitalist relations are in crisis. Then how can we expect that there is a scope for capitalist development in future? Obviously not.

VI

Lenin says the following about the significance of the reforms which are introduced by the ruling classes in general:

"A reformist change is one, which leaves intact the foundations of the power of the ruling classes and is merely a concession leaving its power unimpaired. A revolutionary change undermines the foundations of power."

(Collected Works, Volume XXII, Page 344)

India is a semi-colonial and semi-feudal country. The ruling classes i. e., comprador bourgeoisie and landlords are defending interests of imperialism, feudalism, and semi-feudalism. Revolts of workers, peasants and other oppressed sections all over the country have become the order of the day for the last three decades. The ruling classes are desperately trying to save themselves and their masters by introducing one reform after another. They have help and guidence from imperialism. Not-withstanding this they are sinking and the revolution is advancing.

The reforms being what they are have not changed the foundations of the Indian society in general and the ruling classes in particular. Hence there is imperialism; there is feudalism and semi-feudalism. There is no change in their foundations of power. To think that there is no imperialism, no feudalism, no semi-feudalism is not to accept the reality.

There is no doubt that Indian Revolution is advancing. The days are not far off when they are liquidated and the revolutionary classes led by working class seizes the power. It is the struggle for power and its consolidation which provides land to the poor, protects the national industry etc. It is called the People's Democratic Revolution.

VII

Comrade Tarimela Nagi Reddy is no more. It would have been in the fitness of the things that he writes a Foreward or an Introduction to his outstanding work which is the product of his extensive study and effort. He was in a better position to elaborate various formulations he made, and the conclusions he has drawn. His untimely death has deprived the communist revolutionaries and the world of readers of this opportunity.

We could not collect the required material or data to supplement what is in the work and make it up-to-date. This is due to the reason beyond our control. We are sure that the same will be provided when the Second edition is brought out. At the same time, we would like to make it clear that except a change in the government, with all its implications, there is none in the economic scene which is of a substantial nature. The change is for worse if there is any. Hence we are firmly in a position to say that the analysis of Indian situation he has made, and the conclusions he has drawn are valid even today. They will be guidelines for the Marxists-Leninists and democratic forces for further study and future course of action. The communist revolutionaries all over India are indebted to him, for his unique contribution which enriches their Marxist-Leninist understanding of Indian situation as it exists today.

A few words about his life and work.

He was born (11-2-1917) in a wel-to-do family. He completed his M.A., and was about to complete Law, when he was arrested by the British imperialists for his revolutionary activities. He was associated with the then existing communist party ever since he started his political activities. He was a good orator, agitator and organiser. He had organised and led many a

struggles of the rural poor against the atrocities of the landlords. He has led the underground life during the period of 1947-51 when he was the leader and Secretary of the Regional Committee of Rayala Seema in Andhra Pradesh (then the composite Madras province). The authorities could not arrest him inspite of the best efforts till he himself had come out in 1952. Ever since he was either a member of Legislature or the Parliament, till he resigned from the Legislature of Andhra Pradesh in 1969.

He was always towards the Left in all controversies which arose inside the party. He had finally chosen his place in the ranks of communist revolutionaries, and remained there till the end. He fought against right opportunism and left adventurism and the present work is a product of this struggle. It is not accidental that he was writing an article against revisionism just two days before his death when his pen stopped writing. Such was his glorious revolutionary career.

Silver-tongued orator as he was, his speeches inside and outside the Legislature and Parliament were full of substance. He was well read and he knew what he was speaking about, which is a rare exception in Indian orators. He had been unparralleled propagandist of communist revolutionary line. He went underground to carry on revolutionary activities immediately after the proclamation of emergency towards the end of June 1975. While being underground he devoted his attention to strengthen and imporve the organisation on an all Indian scale in general, and Andhra Pradesh in particular. He worked for the unity of communist revolutionaries till the end of his life.

He held leading positions inside the party. He was a member of the National Council in the United Party. He was the convenor of the Co-ordination Committee of Andhra Communist Revolutionaries. He was the member of Central Committee of the U. C. C. R. I. (M. L.) [Unity Centre of Communist Revolutionaries of India (Marxist - Leninist)], at the time of his death. He took a leading role in its formation.

He worked for Indian Revolution to the last day of his life. The advancing age was no bar to his work as an orator, organiser and writer. His death was sudden and he spent only two days in the Hospital. He was conscious to the last minute. We could not save him inspite of the best efforts of the Doctors and the Comrades attending him. He died on 28th July, 1976, in Osmania General Hospital, Hyderabap, at the age of 59. His loss is irrepairable to Indian Revolution and communist revolutionaries.

He loved the people immensely and the people reciprocated it in the same degree. He is known for knowing the pulse of the people, and was acting accordingly. He was one of the architects of communist revolutionary line and he defended it against the campaign let loose by adverseries.

He was in Indian revolutionary political scene for more than 35 years. He sacrificed what all he had for Indian Revolution. He is the product of the best in the communist revolutionary movement. It is a proud privilege of communist revolutionaries to have him as their leader.

July 16, 1978. *Naveen Chandra.*

MY ARREST

It is interesting to note that I was first arrested in 1940 by the British Government. It is also pertinent to note that I was then sentenced to one years rigorous imprisonment under the Indian Penal Code. It can as well be said that my active political life as a communist was initiated in that year by the grace of the colonial government.

Since then, I have been in and out of prison quite a number of times. The following will give an idea to the court as to how the succeeding governments have treated me as a hard-core "criminal".

1940 : Sentenced to one Year's rigorous imprisonment for having published a booklet, "Economic Effects of War".

1941 : Re-arrested at the jail gates immediately after the above sentence was over and I was released from Tiruchirapalli jail. Detained under Defence of India Act.

1946 : Arrested by the Congress Government under what is known as Prakasam Ordinance and detained. Released in 1947.

1951 : Arrested and detained just before the first General Elections and after four years of underground life.

1955 : Arrested during mid-term elections for defiance of Section 144.

1962 : Arrested under Defence of India Rules.

1964 : Arrested in December and detained under Defence of India Rules.

1969 : Arrested in September under Preventive Detention Act. Released by the High Court on the 1 st of December.

1969 : Arrested again on December 19th, at Madras, and charge-sheeted under Section 121-A and other Sections of I. P. C.

The one feature of importance is that my arrest in 1940 and again in 1969 has been under the same Act-the Indian Penal Code promulgated in 1860.

What is the significance of this characteristic feature ?

As Marx had said in "The Eighteenth Brumaire of Louis Bonaparte", *"An entire people which had imagined that by a revolution it had increased its Power of action, suddenly finds itself set back into a dead epoch and in order that no doubt as to the relapse may be possible, the old date again arise, the old names, the old edicts, which have long become a subject of antiquarial erudition, and the old henchmen, who had long seemed dead and decayed".*

It is no wonder that, after 25 years of the so-called independence, I have been arrested under an Act promulgated in the year 1860 i. e., more than 100 years ago. How and why did it happen that the so-called "non-violent" revolution, led by the Indian National Congress, under direct management of a "Mahatma", and ruled under the unquestioned rule of his Protege, Jawaharlal Nehru, for more than 15years, catapulted India not into a living epoch of progress, but into a dead epoch of stagnation, with all the old laws, henchmen, and old names? Whatever the outward changes in political control, nothing essential has changed either in our social set-up or in our economic organisation. The imperialist exploitation and violence in the rural areas has taken on a new intensity. Fundamentally, the administrative set-up with all its rules continues to be the same.

As Gunnar Myrdal has pointed out, the disintegration of the colonial power system and the emergence of independent national States does not automatically mean that any major socio-economic change has occurred in these ex-colonies. *"It should be remembered that economic and social conditions of South Asian countries today are not very different from those existing before disintegration of the colonial power system"*

("Asian Drama", Page 9.)

The Indian people, who had taken the anti-imperialist posture of the national leadership of the Indian bourgeoisie as genuine, were betrayed.

How and why did it happen?

I. The Bourgeoisie And The Bourgeois Democratic Revolution :

For any Marxist, such a betrayal by the bourgeoise is no surprise. As early as in 1905, Lenin had pointed out that the bourgeoisie, in this epoch of imperialism and Proletarian Revolutions, cannot and will not fulfil the tasks of the completion of the Democratic Revolution.

He said : *"the Bourgeois Revolution is precisely an upheaval that most resolutely sweeps survivals of the past, survivals of the serf-owning system"*. But Lenin clearly pointed out that the *"bourgeoisie betrays its own self"*, and that, *"the bourgeoisie is incapable of being consistently democratic"*.

"It is of greater advantage to the bourgeoisie for the necessary changes in the direction of Bourgeois Democracy to take place more slowly, more gradually, more cautiously, less resolutely, by means of reforms and not by means of a Revolution".

("Two Tactics of Social Democracy", Page 77)

Why is the Bourgeoisie afraid of Bourgeois Revolution? Why is it against clearing the ground of the survivals of the past? Why does the bourgeoisie want to spare the venerable institution of the serf-owning system as much as possible?" Because the bourgeoisie is afraid that the peasantry and the workers might change the rifles from one shoulder to the

other and march on further to the abolition of bourgeois property itself on the very ground of the serf-owning system.

Therefore, he had warned that the bourgeoisie will come to a "wretched deal" and that they are incapable of gaining a "decisive" victory, rather "*they do not even want a decisive victory.*" "*They stand in too great a need of Tsarism, with its bureaucratic, police, and military forces for use against the proletariat, and the peasantry, to want it to be destroyed.*" (Lenin, "Selected Works", Page 81) For this reason, "*the bourgeoisie will inevitably turn towards counter-revolution, towards the autocracy, against the revolution, and against the people as soon as its narrow, selfish interests are met, as soon as it recoils from consistent democracy.*" (Page 115)

"*That is why the bourgeoisie is incapable of carrying through the Democratic Revolution to its consummation.*" (Page 116)

This brilliant thesis of Lenin, of the bourgeoisie betraying itself has been so characteristically proved by the Indian bourgeoisie and its political arm, the Indian National Congress, that the Commander of its General Staff, the "Mahatma" and his associates proved themselves to be the greatest and surest friends of imperialism, Feudalism and the Big Bourgeoisie. It is no wonder that Gunnar Myrdal in his "Asian Drama" remarks that "*the British had good reason to be grateful for Gandhi's policy of non-violence*" (Page 143), since "*After independence the close relations with the former metropolitan countries were preserved and in some respects intensified.*" (Page 125)

2. Indian Bourgeoisie's Despicable Betrayal :

How did this transfer of power take place between the colonial administration and the Indian bourgeoisie? What were the factors that led to this "*peaceful transfer*"? What were the factors that led the British to be grateful to Gandhi and his associates? What is the significance of this transfer of power to the Indian people? These are some of the questions that will have to be gone into by us to understand the case in which I am involved.

The end of the Second World War, instead of mitigating the general crisis of Capitalism, intensified all its features at the end of the War. The smashing of fascism, the historic role played by the Soviet Union under the leadership of Stalin in forcing defeat upon fascism, and the impending victory of the advancing Chinese Revolution under the leadership of Mao Tse Tung and the Chinese Communist Party provided the decisive impulse which set in motion a movement of emancipation from colonial rule all over South Asia and beyond it into West Asia and Africa. The decline in power and prestige of the victorious imperialist states especially of Britain and France, and the rise of the proletarian state, the Soviet Union, as an international force to be reckoned with, immensely advanced the revolutionary potentialities of the liberation movements in all colonies.

It was under such a historical international set-up, that the post-Second World War situation witnessed a mounting mass upsurge of millions of people in India, militant demonstrations in protest against the trial of INA soldiers; the glorious revolt of the ranks of the Royal Indian Navy which forged the militant unity of all classes, castes, and communities; the open rumblings of revolt in the Army and the Air Force; all these revealed the growing maturity of the liberation movement in India. The proletariat was on its feet all over the country, and immense political strikes were the order of the day. The mass of the people in the Indian princely states were on the march, especially the peasants against feudal exploitation Thus, for the first time in India, the movement swept forward not only among the civilian population but also amongst the armed forces."[1]

The British authorities were unnerved, and the Indian bourgeois leadership was flabberghasted. The twins met to disrupt and destroy the unity of the mass of people and the armed forces which was developing into an explosive force to sweep away the hundred year old imperialism and age old feudal serfdom. It was the signal of a new era in India. It revealed the disintergration of British authority at the very basis and in the machinery of its power. The Indian bourgeoisie fearful of the consequences of this unforeseen popular upheaval, hastened towards betrayal.

On 21st February, 1946, when the Indian soldiers refused to fire on the revolting Navy, British troops were called in and Admiral Godfrey broadcast his ultimatum that the "*overwhelming forces at the disposal of the Government will be used to the utmost....even if it means destruction of the Navy.*" Vallabhai Patel, the strong man of the Congress, denounced the Naval ratings and endorsed the remarks of the Commander-in-Chief that there "*ought to be discipline in the Navy*" Maulana Azad, the Congress President during this period of the final betrayal of the liberation struggle, declared that, "*strikes, hartals and defiance of authority of the day are out of place.*" And Mahatma Gandhi struck the last nail when he condemned the Hindu-Muslim unity of this great uprising and the universal militant support of the masses as an "*unholy alliance.*" "*That would have delivered India over to the rabble. I would not want to live up to 125 years to witness that consummation. I would rather perish in the flames.*" A revealing statement indeed, betraying the fear of the upper classes of the growing revolutionary actions of various sections of the masses.

It is clear that the bourgeoisie did not want a decisive victory against Imperialism. It is also clear that the bourgeoisie is incapable of carrying through the Democratic, anti-imperialist Revolution to its consummation. They are in too great a need of bureaucratic administration, its police and military forces built up by British Imperialism in the course of its rule of 100 years and more, for use against the "rabble" — the proletariat and the peasantry. They certainly did not want this machine to be destroyed.

Thus the ball of despicable compromise with Imperialism was set in motion. The final betrayal was the order of the day.

In the same manner that the Indian bourgeoisie was afraid of the revolutionary forces, so was Imperialism afraid of its total extinction. Imperialism understood that it cannot control the Indian situation by force. According to Lt. General Sir France Tuker the G. O. C, Eastern Command in India at the time, war-weary Britain, financially broken, could not stand the increase of substantial British forces in India to enforce British authority in a country a flame with revolt. He writes: *"ultimately we found that this garrison commitment was more than the industrial needs our impoverished country could stand. That was another strong reason for our leaving India and leaving it quickly"*. ("While Memory Serves", Page 518). Sir Stafford Cripps, one of the main architects of the compromise for transfer of power told the British Parliament that to hold India, *"an expanded personnel in the Secretary of State's Services and a considerable reinforcement of British troops would have been required"* this alternative.

Therefore, the British Government felt the need for compromise, to relinquish its political hold in the area-thereby enabling Britain to preserve intact all its financial, industrial, and commercial positions in India.

Thus, both the Indian bourgeoisie and the British colonial power were anxious, for a compromise so that India could be "saved" from being delivered to the "rabble"

3. Compromise And Transfer of Power

Thus, in the immediate post-Second World War period, the British authorities finding themselves already weak in the changed correlation of forces in the international arena and facing an unforeseen revolutionary upsurge of all classes of the people in India, were showing eagerness to compromise with the Indian bourgeoisie. In the summer of 1945, an official Industrial Mission, headed by the top persons of Indian Industry, Mr. G D. Birla and Mr. J. R. D. Tata, visited the U K. and the U. S A. to probe the atmosphere for compromise. It was the time when the Congress leaders were set free from the jails, and events moved swiftly. The industrial Mission *"opened a new chapter of Indo-British Co-operation for the Mission found a definite change in the attitude of British Industries towards Indian Industrial Development and large British Industrialists were not merely reconciled themselves to the inevitability of industrialisation of India, but in many cases seemed to be in accord with India's political aspirations"*. (Eastern Economist —June 29, 1945)

This green signal for compromise hastened the pace of events. The British Cabinet decided to transfer power. The Cabinet Mission arrived in Delhi. Soon Pandit Nehru headed an interim Government at the Centre. By August 15, 1947, traesfer of power was announced. Lord Mountbatta

as the First Governor-General of free India and Jawaharlal Nehru as the first Prime Minister under the 1935 constitution of India proclaimed Indian independence.

Thus independence was proclaimed. The Union Jack was hauled down. The tri-colour was hoisted. *"At least the bride was brought home, but only after she had become a prostitute '.* The national leaders *"sought to cheat destiny by constitutional cunning".* (Karl Marx, **"The Eighteenth Brumaire of Louie Bonaparte."**)

Thus Indian independence was achieved peacefully and constitutionally, without a war of independence, without the need for an army of national liberation. The result was that, on August 15, 1947, the British Government transferred power in an orderly and cordial manner, bequeathing all its Indian institutions, organisations, and services to the new Indian Government.

(1) India thus became heir to the territorial integrity which was the outcome of the historical inter-play of Imperial policies and rivalries in the colonial era. As early as in 1921, the All India Congress Committee had passed a resolution reassuring the neighbouring countries that the Indian people would not recognise the nefarious deals of the colonial power, by declaring that the people of India regard most treaties entered into by the Imperial Government with the neighbouring States as mainly designed to perpetuate the 'exploitation of India by the Imperial power, and would, therefore, urge the States, having no ill will against the people of India and no desire to injure her interests to refrain from entering into any Treaty with the Imperial Power ("Asian Drama", Page 181.)

But, with the transfer of power, the above solemn resolution by the ruling party which came to power was given the go-by. The newly independent India decided to maintain the status quo with regard to territorial inheritances, and with regard to the buffer State policies that the British had applied to the small kingdoms bordering the Himalayas. The Government of India never doubted the wisdom of the policy of maintaining control which the British had established over the States of Bhutan and Sikkim. Consequently, the relations between the border States and India spilled tension. The results of the strong stand of the Goverement of India in relation to the borders in the North-West and North-East, its persistence in maintaining the borders of Imperialist Legacy, **"map or no map"** (Nehru, on November 20, 1950, in the Indian Parliament), and the **"forward policy"** it adopted, are too well known to be recounted here again. That the Government of India inherited Imperialist policies, along with the transfer of power, as its own policies" to the detriment of Indian interests is clear by experience.

(2) The Indian Government inherited the military system from the British. "The Indian Army was part and parcel of the imperial Forces. *'The British Indian Army had been kept aloof from politics and had been*

raised primarily to fulfil an imperial role....Officers were carefully screened for their loyalty:...some, of course, were beneficiaries under the British rule and had a vested interest in maintaining it. Most of the officers had imbibed western ideas, culture, dress and social habits." (Brigadier J.P. Dalvi, "Himalayan Blunder", page 345). They were also concerned with the law and order situation in India—a vital matter for colonial rulers.

Thus the Indian Army was developed as a mercenary Army in the interests of the Imperialist power, completely cut off from the mainstream of the people, without national aims, and purposefully kept aloof from the political environment. It was such an Army as this that the Indian Government received as a legacy from the British. Along with its anti-national legacy, the Indian Army continued to be under the supreme command of the British Commander-in-Chief, General Boucher for two years after August 15, 1947. Our Defence Services Education continued to be in the hands of the Imperialists, as was the case at the Defence Services Staff College at Wellingdon where, in October 1950 *"the Commandant, General W.D.A. Lontaigne, strode into the main lecture hall, interrupted the lecturer and proceeded to denounce our leaders for their short sightedness and inaction in the face of Chinese Action", "soon after the news of Chinese entry into Tibet."*

(Brigadier J.P. Dalvi, "Himalayan Blunder", page, 28)

Thus it was that the transfer of power was an insulting compromise between the Indian bourgeoisie and the Imperialists to safeguard India for their joint and agreed exploitations.

Just as independent India inherited the mercenary Army, created and developed for its own imperial purposes by Britain, so also the new India inherited *"the efficient instrument of power which the British had devised for ruling the country."* The new State took over the whole structure of the administration from the Village Official to the top-most Secretary in the Government of India almost intact. Thus feudal power in the countryside was adopted by independent India. *"Naturally Civil Servants in India, as in Britain, have exerted political influence, individually and as part of Government alike. But, for the most part, this has been, again as in Britain, a regulating and stabilising influence that has worked against radical departures from the status quo-in other words a conservative force."*

("Asian Drama" Page 263.)

Jawaharlal Nehru, long before he became Prime Minister, had told the people of this country that *"of one thing I am quite sure, that no new order can be built in India so long as the spirit of the I.C.S.* (Indian Civil Service) *pervades our administration and our public services. Therefore, it seems to me quite essential that the ICS and similar Services must disappear completely before we can start real work on a new order: It is inconceivable that they will get the absurdly high salaries and allowances that are paid to them today"* ("An Autobiography", Nehru, page 445). The

Great Mahatma, writing to the Viceroy Lord Irwin in 1930, had remarked that a system that provides such monumental salary-"*what is true of Vice regal salary is true, generally of the whole administration*" — "*deserves to be summarily scrapped.*" ("History of the Congress" by Pattabhi Seetharamiah page 634). Did this system "*disappear completely*" as Jawarharlal Nehru '*wished*', or was it "*Summarily scrapped*" as non-violent Mahatma politely called for. No. The betrayal of the National Revolution by the bourgeois leadership not only retained this administrative system but also its salary differentials between the higher and lower levels. Even the administrative habits and procedures—from May&S Parliamentary procedure to the secret files on the lower staff of the administration, introduced and evolved by the colonial administration to preserve law and order, – continue to rule even to this day.

How beautifully Marx, in his "Germany; Revolution and Counter Revolution", portrayed the characteristic actions of the betrayers of the revolution ! He says : "*A Ministry of Opposition Leaders of the United Diet was to be formed, and in return for its services to save the crown, it was to have the support of all the props of the old Government, the feudal aristocracy, the bureaucracy, and the Army....They made use of the whole of the old State machinery for the purpose of restoring "order." Not a single bureaucrat or military officer was dismissed; not the slightest change was made in the old bureaucratic system of administration....There was nothing altered in Prussia but the persons of the Ministers; even the ministerial staff in different departments were not touched upon.*" We can see that such was the case also in India after the transfer of power. As a matter of fact, the same British Governor-General continued, the same British Commander-in-Chief was the head of the armed forces, the same Secretariat and heads of departments as in the case of British were functioning, with all the glory and power.

Similar treason against its best allies—the peasantry, the working class, and the middle class,—was never committed in history.

4. Deal With Feudalism : The Princes

In the face of the unprecedented people's upsurge in the Indian princely States against the feudal order, the Indian bourgeoisie quickened its pace of compromise with the Indian princes to save them from the peoples wrath. By 1950, most of the former princely territories had been integrated without serious prejudice to the existing social and economic privileges of the princes. As Myrdal in his "Asian Drama" succinctly puts it, "*diplomacy, cajolery, and legalised bribery*" were used to prejudice the Indian princes to join the Indian Union, with generous financial settlements, like emoluments through privy purses, exemption from innumerable taxes, with the retention of their titles, and many other privileges-all in contradiction to the spirit of the democratic revolution. Added to all these privileges the Government of India found lucrative assignments to quite a number of these princes in diplomatic service, Governorship of the States,

membership of the delegation to United Nations etc. A considerate treatment of these relics of feudal power and privilege in the interests of maintaining stability and status quo is the fundamental synthesis of compromise with imperialism and accession to power.

The abolition of the zamindari system was another farce played on the people of India. With millions of acres of land left as personal property of the zamindars (and princes), having allotted to them huge palaces and forts as their individual property, the Government of India paid hundreds of crores of rupees as compensation for the abolition of the zamindari system. No precise estimates of the amount of compensation paid to the zamindars is available. One reckoning puts it at Rs. 670 crores. No fundamental change was ever intended in the social and economic relations by the farce of the abolition of the zamindari system. Jawaharlal Nehru, as early as in April 1948, had declared, in the Constituent Assembly his opposition to any fundamental change. He had stated in the Constituent Assembly that "*one has to be careful of the steps one takes so as not to injure the existing structure too much—I am not brave and gallant enough to go about destroying any more.*" This fundamental declaration by the first Prime Minister of our country is a clear expression of the deal which the bourgeoisie and its representatives had arrived at, with Imperialism and Feudalism.

5. Nefarious Deal With Foreign Capital :

The Government, in the course of its decisions in the Constituent Assembly decided to remain within the 'Commonwealth', thereby giving a go-by to the famous resolution "PURNASWARAJ" passed at the Lahore Congress. The fears of foreign capital of its total extinction were laid at rest. On February 17, 1948, Prime Minister Nehru declared "*there will not be any sudden change in the economic structure. As far as possible there will be no nationalisation of the existing industries.*" Again, in concrete terms, it is a promise made to foreign finance capital and its then representative, the British Government, that the Indian bourgeoisie are prepared to collaborate with them in the exploitation of the Indian people for super profits

On April 6, 1948, the Government's resolution on economic policy was published to further clear the apprehension of foreign financial interests. The resolution laid down that, except for munitions, railways, electricity, and atomic energy, "*the rest of the industrial field will normally be open to private enterprise.*"—that is in favour of existing monoplies, including the Imperialist finance capital. As a further clarification of the Government's policy and to clear whatever lurking fears the Imperialist capital might have, the Explanatory Memorandum published along with the Resolution on Economic Policy, categorically states : "*the Resolution contemplates full freedom for foreign capital and enterprise in Indian Ind*

stry while at the same time assuring that it should be regulated in the National interest." This part of the Resolution reveals the Indian Government's recognition of the need for foreign aid both in management and techinical training and investment, and of the wisdom of welcoming foreign capital and skill to supplement Indian enterprise.

"Full freedom for foreign capital and enterprise in Indian Industry" became the declared policy of the Government of India headed by the most respected progressive, *'socialist"* Nehru, - *'the jewel of India"*.

I do hope the Court can now clearly see as to why and how in the year 1971, I have been brought to this court charged under an Act, promulgated in 1860 by the then colonial government. It is clear that nothing has changed except certain forms of management of this society in the interests of imperialist capital, collaborating Indian Bourgeoisie and feudal land lords. The content has remained the same even though certain forms of management have changed.

Thus the characteristic feature of the new government in the name of independent India was continuity of the old regime, of the old social and economic order, the same administrative machinery of Imperialism, the same bureaucracy, judiciary and the police. What wonder then that I am in this court charged under the very sections which the Imperialists had used in the past to suppress the Revolutionary, National Liberation movements in India.

Jawaharlal Nehru, about 14 years prior to his becoming the Prime Minister of India had told the country that *"if any indidenous Govt. took the place of the foreign Govt. an kept all the vested interests intact this would not even be the shadow of freedom"*, (whither India." 1933.)

But deceptive progressive talk and conservative, reactionary practice has been and is the policy of the Bourgeoisie. The final culmination of this conspiracy of betrayal in the early post-independence period was the formation of the Constituent Assembly and the Constitution passed by it. The constitution of India is the epitome of the total betrayal of the people of India.

The Constituent Assembly and the Constitution of India :

The history of the Constituent Assembly is the history of the grand betrayal of the anti-imperialist, and anti-feudal aspirations of the people of our country. The very manner in which the Constituent Assembly took shape was incongruous and anachronistic. The Members were elected to the Constituent Assembly on the basis of the Government of India

Act 1935, which excluded 90% of the workers and peasants from voting right. Even the limited electorate did not directly elect all the Members of the constituent assembly. The elected members of the State Assemblies formed themselves into an electoral college and elected certain Members from their states. A few of the Members of the Constituent Assembly were even nominated. Thus the constituent Assembly did not have a a single characteristic of a constituent Assembly of a *FREE PEOPLE.*

As Marx had said of the German Diet in 1852, it was the *"bastered child"* brought to light by the incentious intercourse with the old colonial constitution; and *"long since had sacrificed its virginity"* and young as it looked *"it was already turning grey hair and experienced in all the artifices of prating and pseudo deplomatic prostitution"*. It was an Assembly of liberal attorneys, and doctrainaire professors of British Education and culture. It presented as the very essence of Indian intellect dominated by patriotism. In reality, it was nothing but a stage in which old and chicken-hearted political characters exhibited their impotence of thought as well as of action. After two years of debates and deliberations, which were not of even any theoritical value this great Assembly of incompetence produced the lengthiest constitution in the world, *"strikingly similar to the 1935 Constitution"*.

"Asian Drama". page 266)

Is it any wonder that this socalled constitution of independent India is strikingly similar to the 1935 Constitution ? When the ruling class had decided to maintain the *statusquo* in the economic and social conditions of the country, without any sudden change in the economic structure, without taking any step which would injure the existing structure – there could not be any fundamentally new constitution other than the one that was already in existence. The mass of the people were deceived by the ruling class and its agents into believing that this Constitution is sacrosanct. But the bourgeoisie knows what it is adopting as the Constitution of India.

Alladi Krishnaswamy Ayyar, who was one of the architects of the Constitution proclaimed in the Constituent Assembly that *"we are not starting a Constitution a new after a revolution. The existing administrative structure which has been worked so long cannot be altogether ignored in the new frame work"*. (quoted in "Indian Economy since Independence" *by H. Venkatasubbaiah page 29)*. The framers of the Constitution were clear in their minds that when the existing social, economic and administrative structure continues to function as in the past, a new constitution, altogether, new from the existing one, is an impossibility. But to deceive the people, certain Directive Principles of State Policy were added to the constitution, *"on the plea that they give expression to the Leftist conviction of the People"*, and because it was thought to be *"desirable to add these revolutionary desiderate to some thing which otherwise so much resembled the instrument of the defunct British Raj"*.

(H. Venkatasubbaiah : "Indian Economy since independence", *page 29)*.

Thus the Constitution was nothing but a superstructure built on the ready made foundation carefully and laboriously laid by imperialism. The constitution was meant to legalise the existing legal and administrative net work with all its Acts and Rules; it was meant to strengthen the existing social and economic order. Thus the Constitution finalised the betrayal of the Indian people by the bourgeoisie, represented by the so called national leadership. With the enactment of the constitution, the Indian Bourgeoisie finally took over power in India to rule without serious prejudice to its structural integrity, constituted as it was at that time.

The dangers of growing contradictions, inherent in such a situation, leading to social revolution as foreseen by some of the intellegent architects of the Constitution. Rajendra Prasad, as President of the Constituent Assembly declared just before the adoption of the Constitution : *"Our constitution has provisions in it which appear to some to be objectionable from one point or another. We must admit that the defects are inherent in the situatin in the country and the people at large".*

What was it that was inherent in the situation and where would it lead to? Ambedkar who piloted the Constitution as Chairman of the Drafting Committee was a little more explicit in his reply to the debate in the third reading of the new Constitution in the Constituent Assembly of India on 25th November, 1949. He said, *"On 26th January 1950 we are going to enter into a life of contradictions. In politics we will have equality, and its economic life we will have inequality In politics we will be recognising the principle of one man one vote and one vote one value. In our social and economic life we shall, by reason of our social and economic structure, continue to deny the principle of one man and one value ..... We must remove this contradiction at the earliest possible moment or else those who suffer with inequality will blow up the structure of political democracy which this Assembly has so laboriously built up."*

Thus the Constitution was a bundle of contradictions existing in the social set up of the day. The constitution was intended to perpetuate the existing social and economic foundation of imperialist exploitation and feudal land-lordism. The Directive Principles of the Constitution were nothing but a sop, being : *"prompted by the fear of the power of the masses for revolt"*

(H. Venkata Subbaiah : **"Indian Economy since Independence"**)

The spectre of violent upheavel haunted the law makers, who adopted the policy of promises to the people through what are known as Directive Principles without sanctions and of concrete pledges with powers to implement, to safeguard all kinds of exploitation, including the perpetual grand loot of Imperialism and Feudalism.

Conclusion :

Thus we see that, at the height of the Indian peoples' movement for national liberation, the British colonialists reached a compromise with

the big bourgeoisie and the big land-lords and turned over their rule to the latter two with the secret understanding that they basically kept the economic interests of the British Colonialists intact.

Consequently in the course of my Statement the Court will find that foreign investments have not only been safeguarded but have been allowed to grow with stupendous speed.

Even though certain privileges of feudal princes and zamindars have been abolished, the feudal land system and in its wake feudal class and caste relations have not only been preserved as a whole but in some respects have been strengthened.

Added to this there has been increasing dependence of the Government on the foreign aid. Economic independence has become a mirage, even after 25 years of proclamation of independence.

India is a Semi-colonial And Semi-Feudal Country Even Today, with the result that in the words of Gunnar Myrdal *"the action in this drama is speading towards a climax... "tension is mounting, economically, socially and politically". "No one who listens to the public proclamations, reads papers, talks to people of various walks of life, watches the moves and counter moves in private and public affairs, compares pretentions with reality and declared aspirations with achievements, appraises the efforts and fulfilments, contemplates the extraordinary disparities ..... present in almost everything that meets the eye, can fail to sense a fateful constellation of explosive potentialities for extremely rapid change and stuburnly formidable external difficulties and internal obstacles and inhibitions to change"* ("Asian Drama": Pages 34 and 35).

This tension today is at its height. The result is that Indian authority as represented by those in-charge of law & order, is more trigger happy in independent India than it was in British ruled India.

In the circumstance it is my duty to explain to the Court as to why I consider that the Indian National Liberation Struggle has not concluded and that we, representing the National Liberation Struggle today believe that it is the duty of the Indian people to continue the struggle with steadfastness and vigour.

> As Comrade Mao Tse Tung had declared *"the bourgeois democratic revolution can be considered to have achieved success only when the foreign imperialist forces and the domestic feudal forces have been in the main overthrown and an independent democratic state established."*
>
> *"This democratic revolution aims at establishing a social system.....a Society of democracy; this society will have been preceded by a feudal society (which was semi-colonial, semi-feudal society for the last 100 years), and its successor will be a socialist society'* ("May 4th Movement").

II. Allround Crisis of Indian Economy :

India today is in the midst of a crisis unprecedented in its history. The allround crisis of the Indian economy is accelerating in 1971, even though the Finance Minister and the Prime Minister have expressed the hope in the budget for 1971 72 that the Indian economy has turned the corner after the 1965 recession. In every sphere of activity the unsatisfactory performance of the Indian economy has given raise to fear of the deepening economic malaise.

According to the Annual Report of the Reserve Bank of India for the year July 1, 1970, to June 30, 1971, the performance of the Indian economy during this period *"was rather uneven"*, and *"in particular, as the year progressed adverse trends emerged income of the important sectors"*.

What were the important sectors in which *"adverse trends emerge"*.

(1) *"The rate of growth in industrial production showed deterioration"*.

(2) *"The prices continued to be under pressure through out the year"*.

(3) *"The deficit in balance of payments on current account widened'*

(4) *"The organised sector of Industry remained subdued with capital consents and capital issues lower than last year"*.

(5) *"Budgetary operations in 1970–71 have shawn a much wider gap between receipts and disbursements than expected"*, *"leading to a considerable increase in Bank financing"*

(6) The problem of under utilisation of established industrial capacity was accentuated.

Rate of Growth of Industrial Production :

In its report on currency and finance, for 1965–66 the Reserve Bank of India had reported that the rate of growth of industrial output has come down, from 8.8% in 1962 to 8% in 1963, 7.5% in 1964, 5.6% in 1965 and 2.5% in 1966. It had concluded that 1965 66 which marked the close of the Third Five Year Plan was *"the most difficult for the Indian economy since the begining of the planning era"*.

Since then, there has been no noticiable improvement, on the other hand there has been noticeable slackening in the tempo of industrial growth. During the three years, 1965 66 to 1968-69, the rate of growth has fallen so precipitously, that the fourth Five Year Plan which ought to have come into effect in 1966–67 was postponed and a plan holiday was in effect declared. When an annual increase of 6 4% and 7 1% was achieved during 1967 68 and 1968 69 It was expected that India had recovered from the crisis. But again the growth rate slackened and in 1970, it was only 4.5%. According to the Reserve Bank of India Annual Report for the year 1970–71 *"the set bank became more pronounced during the later half of the*

year which showed a growth rate of only 3% over the corresponding period of 1969". In 1971 the tempo of the crisis of industrial production still increased further. The rate of growth slipped down further. Again, as per the RBI Annual Report, *"latest available data show that during January-March 1971, the increase in the index over the corresponding months of 1970 works out to only 1.5%"*

Thus it is clear that India has reached the stage wherein it has entered the period of disintegration. The following table showing trends in industrial production reveals the true state of affairs.

Trends in Industrial Production During the Years 1969 and 1970

(Per centage increase over the corresponding period of previous year)

	1969	1970
General Index	7.1	4.5
Basic industries :	8.9	4.2
Capital Goods industries :	1 8	4.7
Intermediate goods industries	4.2	2.7
Consumer goods industries :	10.2	6.3

The above general index does not reveal the dengerously absolute fall introduction in certain major industries in our country. The dangerous disease which is eating away the vitals of our economy is glaringly revealed in the following table showing absolute declines in output in certain industries during 1970, the Second year of the Fourth Five Year Plan.

Industries Showing Absolute Declines in Output During 1970

(Percentages)

Industry	Growth rate during 1969	1970
Iron & Steel	8.5	6.9
Brass manufacturing	+28.5	4.6
Prime Movers, boilers and steam generating plants	+ 0.5	2.7
Rail-road equipment	- 10 6	19.8
Dyestuff and Dyes	+ 9 6	1.4

This decline in production is both relative and absolute. This slackness in industrial production since 1965-66 shows the depth of the economic crisis India is facing today.

Problem of Under-utilisation :

Thus in this period of crisis, it is not only a question of the decline in the rate of growth, but also of the inability of this society to utilise even the existing capacity. When the growth rate decelerates, it is quite natural that existing capacity too is underutilised. When there is shortfall in public sector investment in Irrigation, Electricity, Transport, Health, Education etc., it is not only the tempo of growth which gets affected but also full the utilisation of existing capacity of industrial production.

India, dependent on foreign knohow, foreign raw materials, foreign finance; and foreign management, cannot plan its production independently. Our industrial production depends on non-project loans and aid doled out by the Imperialist powers. Therefore, with the growing poverty of the majority of our people reducing the capacity of the market to absorb production with the growing drain of our resources through repayment of loans, interest and profits to international finance reducing the nation's capacity to increase its investments, with the growing dependence of our industry and Government on foreign loans, the country has been brought to a stage of utter desolation. One major aspect of the situation is the crisis of underutilisation of existing capacity. The following review in the Annual Report of the Reserve Bank (R. B. I. Bulletin, August 1971,) gives a glimpse of the situation

> *"With the slackening of the industrial growth rate, the problem of under utilisation of capacity was accentuated particularly in such industries as Iron and Steel, heavy machinary and rail road equipment. For finished steel, the utilisation ratio worked out to 68% during second half of 1970, as compared to 70% during the corresponding period of 1969. Those industries manufacturing machinery for cement mills, tea, printing, leather and rubber products experienced a reduction in capacity utilisation during 1970, as compared with 1969. In respect of railway wagons, hardly 39% of the installed capacity was utilised as a result of the steady decline in orders from the railways. Other important industries which showed a reduction in capacity utilisation ratio during 1970 included, amoung others, cement, steel casting, steel pipes and tubes, storage batteries, and dry cells. The utilisation ratio in almost all these industries was not only lower during second half of 1970, than during the first half, but was also lower during the calendar year 1970 as compared to 1969"*

Output of coal was adversely affected by reduced demand. Among consumer goods industries, the cotton textiles industry has been passing through a difficult period due to shortage of raw cotton.

Thus industry is passing through an anguishingly halting progress, and is almost at a stand still. Industrial production has increased by 71% over the decade But the over all figures for the decade obscure the steep decline in growth rate in recent years. In 1970, the growth rate tumbled down to 3.4% and, during January March 1971, it slipped still further to only 1.5%. It is clear that 1965-66 and later years connote stagnation

Agricultural Production

That India has achieved a break through in agricultural production and that the 'Green Revolution' has set in, has been the talk of the day. Government pronouncements have enthusiastically proclaimed this great success. The All India Radio carries this success story to every nook and corner of the country through the panchayat radios. The press has been publishing news of villages and Krishi Pandits who have been responsible for this achievement. In the midst of this noise certain truths have been buried.

The following data reveals the true nature of this "*revolution*".

Trends In Agricultural Production

	Food grains	Rice	Wheat	Cotton Lint	Jute & Mesta	Gronnd nut
	'000	Matric tons		'000	Bales	'000 Matric tons
1960-61	82018	34574	10997	5298	5263	4812
1961-62	82106	35663	12072	4581	8236	4994
1962-63	80151	33217	10776	5228	7185	5064
1963-64	80642	36998	9853	5428	7976	5298
1964-65	89356	39308	12257	5677	7604	5888
1965-66	72347	30589	10394	4582	5778	4263
1966-67	74231	30438	11393	4973	6579	4411
1967 68	95052	37612	16540	5454	7592	5731
1968-69	94013	39761	18653	5144	3837	4631
1969-70	99501	40430	20693	5233	6750	5130

Source : R. B. I. Bulletin, 1971.

The table does not feature the production trends of all the major agricultural commodities in the country. All the same, it does not provide basis for the conclusion that "*agricultural production showed a fairly high rate of expansion*" (RBI) like all the statements of the bourgeoisie, this statement, too, contains half truths as is evident from the table. It is clearly seen that, except in wheat, no significant progress has been made towards higher production in any other commodity. The increase in production in rice is meager from 39,308 thousand matric tons in 1964–65 to 40,430 thousand matric tons in 1969–70. Cotton, Jute and ground nut - major raw materials for our traditional industries - have actually been regressing. Production of cotton has slipped from 5,677 thousand bales in 1964–65 to 5,233 thousand bales in 1969 70 There has been a decline of serious proportions in Jute and Mesta from 8,236 thousand bales in 1961 62 to 6,750 thousand bales in 1969 70. Groundnut production has been so lagging that import of Soya Bean Oil from USA has become a necessity. Its production too has regressed from 5,888 thousand tons in 1964 65 to 5,130 thousand tons in 1969–70. According to the same Reserve Bank Bulletin "*pulses showed a marginal decline*", "*out put of both cotton and raw Jute during* 1970 71 *is expected to be lower than in* 1969 70".

A Study of Raw Material Rates :

In the recent euphoria induced by the recent meagre successes in certain sectors on the farm front especially in wheat - the country reaped a good harvest for the third successive year in 1969 70 and an even better one for the year 1970—71 the rather poor performance of agriculture as a whole, during the sixties, has been wilfully lost sight of. Therefore an analysis of the growth rates, between 1950 to 1960–61, and between 1960–61 to 1968 69 should be studied to blast the iron screen of lies and reveal the truth.

(1 An analysis of the trends in the output of both food and non food crops between 1960–61 and 1968–69, reveals that, except in the case of wheat, compound rates of growth of major agricultural commodities during this period have been markedly lower than their respective growth rates in the fifties In the case of pulses which are rich in food value and groundnut which is also an important industrial raw material growth rates has been negative during the sixties.

(2) And more important, the long term (1950–51 to 1968–69) compound growth rate of food grains output has not kept pace with the annual increase in population Even during 1960-61 to 1968-69, the increase in population outpaced the growth in food grains output.

The following table gives the Agricultural growth rates for 1950-51 to 1960 61, and for 1960-61 to 1968-69, for important agricultural commodities in our country.

Agricultural growth Rates

(percent per annum)

Crop	1950–51 to 1960–61	1960–61 to 1968–69	1950–51 to 1968–69
Rice	4 01	0 51	2 67
Wheat	4 76	5 07	4 23
Cereals	3 82	1 53	2 74
Pulses	3 42	2.59	0.03
Gram	5 64	3 93	0.39
Food Grains	*3.77*	*1 12*	*2.45*
Ground Nut	5 12	–0.21	2 85
Oil Seeds	3.70	0.32	2.40
Cotton	4 64	0 60	3.11
Non Food Grains	*3.70*	*0.60*	*2.78*
All crops	3 75	0 93	2.57

Source · Research Bureau; Economics Times, December 17, 1970.

This table gives the compound growth rate of various agricultural commodities together with the following two tables, it reveals that, first, except in the case of wheat, the growth rates in all other major crops were very much less during 1960–61 to 1968–69 in comparison to 1950–51 to 1960–61.

Secondly, in major commercial crops, such as oil seeds and cotton, on which more and more foreign exchange is being spent, the growth is practically nil in sixties, a dangerous trend for agricultural economy and industrial growth.

Index Numbers of food grains production

1949-50–100

	Rice	*Wheat*	*Cereals*	*Gram*	*Pulses*	*Foodgrains*
1950–51	87.9	101 1	90.3	98 0	91.7	90 5
1951 52	90.1	93.9	91 2	88 2	90 3	91.1
1952–53	96.8	112.7	101 4	109.2	98.8	101 1
1953–54	118 6	120 0	120.1	125.2	112.0	119.1
1954–55	105.8	135 4	114.5	145 9	118 5	115 0
1955–56	114 2	131 3	114.9	138 9	118 4	115.3
1956–57	120.4	140 7	120.5	159 8	122.9	120 8
1957 58	105 7	118 5	110 1	125 8	103 0	109 2
1958–59	127.6	147.4	129 8	180 3	*136 0*	130 6
1959–60	126 2	152.8	128 9	144 2	120 8	127 9
1960–61	137 7	162 8	138 3	160 4	129 0	137 1

Compound growth rate 1950–51 to 1960–61 %	4.01	4.76	3.82	5 64	3.42	3.77
1961 62	142 4	178.8	143.1	148 5	121 5	140.3
1962 63	132.6	159 6	135 9	137.6	117 9	133 6
1963–64	147 0	145 9	141.4	115 5	102 9	136.5
1964–65	*156.2*	181.5	154 5	148 2	126 1	150 8
1965–66	121.8	154.4	124 2	107 9	98 3	120.9
1966–67	120 9	168.7	129 5	92.9	85 2	123.8
1967 68	149.4	244.9	164 2	153 2	123.5	159.0
1968–69	157 2	258.7	165.7	106 1	102 3	157.5
Compound growth rate 1960–61 to 1968–69 %	0.51	5.07	1.53	3 93	–2 59	1.12
Compound growth rate 1950–51 to 1968–69 %	2.67	4 23	2 74	0.39	0 03	2.45

Source : Economic Times; 17, December 1970.

Index Numbers of production non food grains
1949 50=100

	Groundnut	Oilseeds	Cotton	Non food grains	All Crops
1950–51	101.4	98.5	110 7	105.9	95.6
1951 52	93.0	97 4	119.2	110.5	97.5
1952 53	85.3	91 9	121 0	103 8	102.0
1953–54	100.3	103.7	151 8	104 7	114 3
1954–55	123 6	122.6	163.6	120 9	117.0
1955–56	112.4	108.6	153.9	119.9	115 8
1956–57	127.2	120.3	181.2	131.5	124.3
1957 58	137.5	119 0	178 8	129 5	115.9
1958–59	149.0	136 8	175.8	139 4	133.5
1959–60	134.7	125.3	132.4	135 0	130.3
1960–61	142 1	134 0	202.1	152 6	142.2

Compound growth rate 1950–51 to 1960–61 %	5.12	3.70	4 64	3.70	3.75
1961 62	147.5	140.0	174.9	153 9	144 8
1962 63	149.4	142.6	199 9	151 6	139.6
1963–64	156.3	134 5	208.6	156.5	143.1
1964–65	*181.6*	*166 5*	*219 0*	*176.7*	159.4
1965–66	128.0	125.3	183.7	154.8	132.1
1966–67	133 5	125.6	191.8	147.4	131.6
1967–68	173.5	161.5	210.3	155.1	161 0
1968–69	135.5	137.1	203.7	161.0	168.7
Compound growth rate 1960–61 to 1968–69 %	-0.21	0.32	0.60	0.60	0.93
Compound growth rate 1950–51 to 1968–69 %	2.58	2.40	3.11	2.78	2.57

Source : Economic Times : 17, December 1970.

Thirdly, among food grains, the growth rates of rice, grams and pulses in the sixties have fallen dangerously low. Rice showing only 0.51% compound rate of growth, pulses and gram was negative rates (-3.93 for gram and -2.59 for pulses).

Fourthly, overall agricultural production has had a severe jolt in the sixties. The growth rate of the fifties of 3.75%, has slipped to such an extent that it stands below one percent in the sixties.

In the other words, the output of food and other agricultural commodities showed a surge in farm production in the fifties. The growth rate was meagre in the sixties - 1.12% in food grains and 0.93% in all crops.

Thus the growth rates of output of major crops have been rather poor during the sixties What is more, over a 19 year period, they have barely kept pace with the annual rise in population.

One cannot do better than quote from the Agricultural prices commission (August 1970) which estimated the annual growth rate between 1949-50 and 1969 70 to be 2.90 per cent.

"It would be useful to bring out with help of an example the implications of a growth rate of this order or less in the production of food grains for the country's food policy. With population growing annually at 2 5%, if the per capita income is assumed to rise only at the modest rate of one percent, observed since 1957 58, and if the income elasticity of demand for food grains is placed at 0 5, the demand for food grains would increase at not less than 3% per annum Even if the production of food grains does in fact increase at 4% per annum in the next four years an inbalance between demand for and the domestic production of food grains would continue although it would gradually diminish from nearly four million tonnes - as measured by the present level of imports - to 0 4 million tons by 1974".

It is a big *"if"*. Were this supposition to become a fact, the country would still be in deficit. But, the growing poverty of the people might turn the deficit into *'credit'* and then the Government might with pride blow its bugles and beat its drums for having achieved an extraordinary success on the food front!

The crisis in the production of raw cotton and oil seeds has increased the problems of the government. In an effort to over come this serious lag in production, *"Government stepped up its import programme. In the case of raw cotton government decided to import 13.3 lakh bales during 1970 71 season as against 9.1 lakh bales in 1969 70 ..... In respect of oil seeds, Government permitted large imports of Soya bean oil under P. L. 480 and made arrangements for the import of rapeseed".*

(RBI Bulletin, August 1971).

Economic and Political Weekly in its issue of December 4, 1971 has painted a grim picture of Agricultural production in the year 1970 71, and the bleak prospects of achieving even the limited targets for 1973 74. As per its report : *The Economic Survey for 1970 71 had forecast that 1970-71 would finally present a mixed picture with oil seeds registering a rise, sugarcane being about the same level, and jute and cotton being some what lower. Latest reports have it that Jute, Cotton, and sugarcane, all showed a downward trend last year. A comparision with Fourth plan output targets for 1973-74 show the vast ground yet to be covered. Against the targets of 80 lakh bales, the production of cotton in 1970 71 was 46 lakh bales; as against the target of 74 lakh bales production of jute was 49 lakh bales".*

Such has been the progress of agricultural production under the impact of this most advertised Green Revolution. The crisis in agricultural production increases the depth of the crisis of industrial production.

BUDGETARY CRISIS : - INFLATION :

The Government's resources for its budgetary needs have began to shrink sharply even though taxation has been increasing heavily. With

the increased defence expenditure from 1962 onwards, and the increasing burden of repayment of loans and interest there on rising sharply year after year, the "*budgetary operations of the central and state governments in 1970 71 indicate a considerable worsening of the overall position*" (R. B. I. Bulletin, August 1971).

As against a modest overall deficit of Rs.37 crores in '1969 70, the revised estimates for 1970-71 show a deficit of Rs 455 crores. If we remember that this huge deficit occured at a time when the economy had not fully recovered from recession and that "*this worsening has taken placed despite a slow down in the rate of growth in total disbursments, because of the considerable smaller growth rate of total receipts*": One can as well imagine the dangerous situation that will have to be faced in 1971-72. The year in progress has further intensified the economic and political crisis. Even the Budget for 1971-72 had envisaged a deficit of Rs.387 crores. Already, according to Reserve Bank of India, during the current fiscal year within a matter of only three months (from April 1 to June 25, 1971), net Reserve Bank credit to Government sector has increased by Rs 468 crores as against an increase of Rs. 65.5 crores in the corresponding period of the preceding year.

Is it not a fact that the Budgets have got out of control of the government of India and that constant, consistent, and continuously growing inflation in the main sustenance of the central and state Governments

With this Inflation, amidst the recession, rising prices have become one of the major features of this crisis ridden economy. The Economic Adviser's Index number of wholesale prices (base; 1961-62100), which stood at 173.5 as at the end of June 1969, moved up further to 180.5 at the end of June 1970, and reached further hights of 186 1 at the end of June 1971. These figures did not indicate the actual prices the consumer is forced to pay in the market. The rising trend in prices has continued to grow steeper to the sweet satisfaction of the patriotic sharks of the nation. The crisis in Bangla Desh, millions of refuges that have flooded into India, the inflationary spree of the economy, the *'patriotic'* war against Pakistan, has created Javourable atmosphere for these patriots of unquestionable character, not only to peg down the wages but to increase the prices. Within a matter of hours of the Indian army's intervention in East Pakistan, Kerosen suddenly disappeared from the shops prices of sugal, dal rice shot up from previous levels. The Internal Security Act, the proclamation of emergency are God sent opportunities not to be lost in the midst of the plethora of cheap sentiments of patriotic fervour mouthed by the leaders of the nation to divert the attention of common man from the nefarious deedst of these financial sharks.

Therefore, it is obvious that the expansion of monetary resources and money supply unrelated to expansion of production and the stagnation in both industrial and agricultural production causes a persistent upward pressure on prices.

The effects of the rise in prices are too well know to be the shops prices of sugar, dal and rice shot up from recounted. As Professor D. R. Gadgil, well known economist and ex vicechairman of Planning Commission, has observed; *"The distributie effects of a rise in prices are well known; they accentuate inequality. The rise in prices in India after 1963 has been inadequately compensated for in relation to the lowest paid government employees.... It is obvious that, where the government servants suffer, the large proportions of the less favourably placed suffer more"* (Economic and Political Weekly, Annual, November 1967). It is abundantly clear that the large proportions of the less favourably placed, that is, agricultural labourers, small peasants, industrial workers middle and lower paid employees, rural artisans, and tenants, who happen to be the majority of the population suffer most.

With growing unemployment, increasing money supply and the creation of abnormal conditions due to war with Pakistan, the limitless lus, of speculators for profit becomes widespread, leading to an accentuation of growing crisis in every sphere of national economy.

Growing deficit in Balance of Payments

Just as Internal financial relations showed up in budgetary deficits and led to increasing doses of inflation, so also in international financial relations, Indian economy faced growing deficit in Balance of payments leading to growing dependence on international aid. The most disturbing and dangerous factor in the balance of payments is continuous growth of heavy external liability in the forms of loans and foreign private capital investments, leading to an increasing drain of our resources. The high rates of interest on loans, the growing burden of repayment of loans the extraordinary loot in the forms of profits, payments of royalities, technical know-how, and various other forms adopted by international finance capital; may be seen from the following table which shows the phenominal growth in foreign exchange payments under investment Income and *Amortisation*, as reported in India's Balance of Payments account by the Reserve Bank of India. (August, 1971; pages 1391 and 1392).

Debits under Investment Income and Amorisation as per Balance of Payments Account

(in crores of Rupees)

	Investment Income	*Amortisation*
1960-61	61 9	37.6
1965-66	134 3	74 4
1966-67	203.9	129 0
1967-68	229.3	169 1
1968-69	239.7	159 6
1969-70	251.6	180 8

These figures show only a part of the international finance capital's loot of India. As per the Annual report of the RBI 1971, the latest balance of payments compilations relating only to the calander 1970, *"show that India's balance of payments position worsened during this year as compared with 1969". "Following the deterioration under merchandies as well as invisibles, the deficit on current account widened over the year by Rs. 108.0 to 280.7 crores". "For sometime now the gross out go on Investment Income account, which amounts to more than half of the total gross outgo, has been growing steadily and over the year went up by Rs.23.8 crores to Rs.271.5 crores. More than half of the additional out go in 1970 was accounted for by interest payments on loans and credits which amounted to Rs.203.5 crores as against Rs.186.5 crores in 1969"* (RBI Annual Report).

Such has been the continuing exploitation of India by imperialism in different forms that the *'Great of Brain'* of the resources of the country as in the period of direct rule of the colonial power has been increasing with phenominal speed, and we have reached the miserable degrading stage (I had warned of this shape of things to come in my speeches in Parliament during 1951 - 62) of begging and *receiving loans for repayment of loans in the form of Postponment or rescheduling*. The following table will show the quantum of aid received for repayment of loans.

Amounts Resheduled or Postponed

(in US Millions)

	1966-67	1967-68	1968-69	1969-70	1970-71
Japan	3	6	17	19	25
IBRD	—	15	15	15	15
USA	—	—	9	9	9
Canada	—	1	1	1	—
	3	22	42	44	49

The above table from the Annual Report of the RBI includes the interest postponed by the USA amounting to $3 million (?) each in 1968-69 and 1969-70.

Having brought the country's economy to such a low level, it is no wonder that India's prestige has fallen to insultingly low rung. The following news item in Economic Times should shock any one with any national pride. On May 30,1970, the paper's New Delhi Beureau reported that *"Japanese ship builders insistence on guarantees from foreign banks has caused disappointment here....Japan has been demanding guarantees from foreign banks for the suppliers credit that the shipbuilders would give against orders for ships placed by Indian Shipping Companies. Japan has ref-*

used to accept guarantees offered by the Government of India .... The Japanese stand would imply that the shipbuilders there, have greater faith in the security offered by an ordinary bank in any other country than that offered by the Government of India."

Is it not fantastic that I and my collegues, are being charged with conspiracy to change, this demeaning state of affairs ? Is it not fantastic that those who have sold the country's resources lock stock and barrel for tens of years to come to foreign financial interests charge us as traitors ? Any citizen with a grain of patriotism in him, should by nature revolt against such a degrading state of affairs to ressurrect the great glory of the Indian people and the Indian Nation.

Growing Unemployment :

The constant and ever deepening economic crisis - with rising inflation, slowing down of the rate of growth of industrial production, underutilisation of existing capacity, increasing balance of payments crisis and stagnation in agricultural production, all resulting in total liquidation of planning has resulted in the unbearable growth of unemployment.

Even during the first three plans it was found that at the end of each plan the backlog of unemployed had risen steadily. From 5.3 million at the end of the first plan it rose to 7.1 million at the end of the Second paln. According to the cutline of the fourth five year plan "*the backlog of unemployment at the beginning of the fourth plan is 9 to 10 million of whom about three fourths are in rural areas.*" (page 106) According to official estimates, if present trends continue, unemployment may reach the collosal level of 28 million at the end of what is called the fourth plan.

According to a report Published in the Hindu of september 19, 1971, "*Unemployment today is increasing at an alarming rate of one lakh more jobless person every month. The total number of unemployed on the live registers of the employment exchanges which was 40 lakhs as on December 31, 1970 swelled to 47 lakhs as on July 31, 1971. And this does not cover those unemployed whose names are not registered at the employment exchanges. The monthly average of unemployed added to the live registers of unemployment exchanges was 33,000 in 1969, 50,000 in 1970 and 1,00,000 in the first 7 months of 1971. The current growth rate unemployment is thus twice as much as in 1970, and three times as much as in 1969. Registered unemployed in 1968 was 30.1 lakhs; in 1969 they numbered 34.3 lakhs; and their number shot up to 40.7 lakhs in 1970. And it has grown to alarming proportion of 47.1 lakhs by July 31, 1971*".

These figures as indicated above are largely underestimates as only a small portion of educated unemployed do register as such. The immensity of the educated unemployed can be seen from the fact that, by July 1968, there were 83,000 qualified engineers without jobs.

Growing Illiteracy :

More Indians are illeterate today than in 1951. It is reliably estimated that two out of every three Indians cannot read or write at all. The 1961 census revealed that, out of 439 million only 105.3 million were literate consisting of 77.3 million men and 27.5 million women, thus showing percentage of literacy to be 24. India had 36 million more illiterates in 1961 than in 1951,and every year the number of illiterates increases by 4 million. *"According to the present trends, this rate of increase is likely to continue for another decade or so"*, observes an author in 'Commerce Annual Number', 1969. This might seem incredible, given the phenominal educational development expenditure under the direct financial help of imperialist donations and technical aid.

Even the standard of literacy is so low that, in any other developed country, quite a number of' *literates'* by the Indian standard would be treated as illiterate.

> *"If literacy at the lowest useful level is defined as ability to read a simple instruction or write a simple letter, it will be noted that of the literate population in India 62.9% are literate without any educational level and for all practical purposes this population is to be treated as illiterate".*
>
> (Commerce Annual Number, 1969; page. 72)

It is but inevitable that in a country of semi-feudal, landlord dominated rural society civilised existance is a minus factor. Children of school-going age are left out of school due to unimaginably extreme poverty. In India only 77.8% of the children in the age group of 6 to 11 actually attend school. The remaining 22. 2% who are 14.55 million children, grow up as illiterates and add to India's illitrate population.

Even of the children who attend school, a large number drop out before they reach fifth standard. As per the report in *Hindu* dated 10 January 1970, *"out of 7.52 lakhs of boys and 5.81 lakh girls admitted in the first standard in Madras province in 1964-65only 4. 51 lakh boys and 2.66 lakh girls were in the fifth standard in 1968-69. In the middle schools out of 3.12 lakh boys and 1.64 lakh girls admitted in Sixth standard in 1966-61 only 2.55 lakh boys and 1.33 lakh girls reached Eighth standard in 1968-69."*

A Times of India news service article, (May 7, 1971) has published, on the basis of preliminary figures of the latest census in 1971, *"what the census reveals : some distressing features"*. It reveals certain facts, shocking to any ordinary persons with common sense. This long extract from this article is necessary to open the eyes of all those who are yet parading on the progressive nature of the Ruling Class.

"Considering the emphasis placed on primary education during the 1960's it is really shocking that even today, literates - those able to read and write account for only 29.35% of the population. This means that 385 million People, more than the entire Population of the country in 1951, are unlettered. In absolute terms the illiteracy is increasing"

Between 1941 and 1951 the proportion of literates went up from 12.2. to 16.6% a rise of 36%. Between 1951 and 1961 the rise was 44. 6%. The figure this time i. e., between 1961 and 1971, as per the latest census is a disheartening 22. 14%.

The question arises as to why the literacy percentage shows such a disheartening growth, resulting in the growth of illiterates in absolute terms, when according to government reports, primary schools have spread to every nook and corner of our country and enrolment in them has been growing under the impact of planning.

The author of the above article gives *"two explanations for these paradoxical results"*. the two reasons are a disgrace to any party in power.

"First, that there has been a massive rise in bogus school enrolement in several states. A Delhi University study made after 1961 census showed that, for the country as a whole, primary school enrolment has been over-reported by 27%". "The census confirms the fear that the extent of over reporting has gone up in the last decade and may be any thing upto 100% in some states. This kind of jugglery with figures by State Governments makes a mockery of Educational planning". [For example] " How is it that literacy rate in Assam actually fell by 1.54 percent although primary school enrolment went up by 38.9%? How is it that in Uttara pradesh where the enrolement increased by 150%, the rise in literacy was just 22 61%?

"Secondly, there seems to have been a steep increase in wastage contrary to the hopes entertained by some educationists. An increasing number of children continue to drop out of school before becoming literate in the techinical sense; and many others who attain literacy, lapse into illiteracy soon afterwards either because they have not attended school long enough, or have no access to any reading material".

It should be noted that child labour in the countryside is prevalen Poverty leads children to beggary.

Naturally whatever the statistics in the school records, minimum number of children attend the schools.

Therefore, it is not wonder that in our country, after three much advertised five year plans, the number of illiterates is growing in number. According to the Kothari Commission Report, in 1966 India had 20 million more illiterates than in 1961, although the percentage of literacy had increased from 24 to 28.6 during this period.

World History has proved that without first carrying out an anti-feudal and anti-imperialist democratic revolution to success, no aspect in the life of a nation can progress with required speed. Anti-feudal Revolutions, culminating, in the total destruction of feudal society in the middle ages, was responsible for the phenominal growth of capitalism and industrialism, there by giving a fillip to the growth of education in western Europe. The anti-Imperialist anti-slave revolutions of America were the weapons which laid to rest the imperialist and other non- capitalist forms of exploitation, and paved the way for its phenomenal growth.

Such democratic revolutions under the hegemony of the bourgeoisie, cannot take place in this era of Imperialism and Socialist Revolutions. Only under the leadership of the working class can an anti-imperialist, anti-feudal revolution culminate in complete extermination of feudal, imperialist exploitation in this era, there by establishing a new Democratic state. Wherever such a revolution has taken place in this century, progress in all walks of life including the eradication of illiteracy, has been a success.

At the time of the Revolution, 85% of the population of Russia were illiterate. The new government under the leadership of Lenin and Stalin assigned top priority to the eradication of illiteracy and within 20 years it was done, with results that we see today. The Cuban example is a recent success story. Illiteracy was completely eradicated after the successful Cuban Revolution.

China of today is an exilarating example. "*Literacy before 1949 in the countryside was (at its highest) 5 percent. By the end of 1966 no person under 40 in the communes is illiterate. This means that well over 60% of the total population of rural China has now become literate*". *(page 49)* "*In 17 years enormous advances have been made in the field of creating a technical pool of high grade scientists, engineers, technicians, doctors, metallurgists, geologists*"*(page 184)* "*In 1949 no Peasant knew any thing about scientific experimentation; in 1966, a pool of six million peasant scientists not only knew about soil and seed improvement but could carry out experiments, hold conferences, and pass on their knowledge at scientific meetings*" ("China in the year 2001" page 49).

China achieved all this earth shaking progress without receiving any educational aid from imperialist powers, where as India received "*U. S. grants and loans totalling Rs.114.9 crores from PL 480 funds to meet a substantial part of government of India's expenses for the development of elementary education*". A suppliment of ' commerce ', '*Indo-US co-operation A survey*' dated November 30, 1968, further reports that "*the money is utilised to improve the quality of instruction through a teacher training programme to upgrade science teaching, develop better text books increase teachers salaries and build schools in rural areas*". (page 99) And yet India stays '*put*', where as the Chinese-isolated by the grace of US- Soviet diplomacy, has been marching forward with gaint strides to the astonishment and growing fear of imperialism !

Is India On The Way To Industrialisation ?

"The strategy governing planning in India is to industrialise"
—Nehru.

Therefore we find in the second five year plan that : *"Development involves a transfer of part of the working force from agriculture to Secondary and terittary activities"*.The plan expatiating on this issue goes on to say *"The objective of the policy from the long term point of view should clearly be, to keep to the minimum further increases in the working force in agriculture. In fact, after a period, there should be a fall even in the absolute numbers on the land"*. Explaining that there is no scope to increase the working force in traditional small scale and village industries, the Plan catagorically annonuced that, *"the bulk of the new employment opportunities, have therefore, to be found in mining and in modern industry, large scale as well as small scale, in construction and tertiary occupations"*.

Has this objective been implemented? Has the occupational pattern working population shown any obvious change towards modernisation ?

The interested ideologues of the Nehru Government, including the revisionists of India and the Revisionists of the Soviet Union have put up a barrage of propaganda that India is heading towards the *"final phase"* of Industrial revolution. In an article *"The Industrial Revolution in Contemporary India"* published in the book "Asia in Soviet Studies", L.I. Reisner, and G K. Shirokov point out that *"the process of industrialisation has made considerable head-way"*, and that *"the Industrial revolution in India is now entering its final phase. Intensification of Industrial growth during the period of independence has brought about essential shifts in the Industrial Structure"*. R.A. Ulyanovsky in his book the "Dollar and Asia" on page 246 says that *"thanks to the support by the Soviet Union and other socialist countries. India's industrialisation has become of a fact"*. Such panegyrics of India's economic development particularly the success achieved in Industrial development are replete in Soviet publications. Not to be left behind the Communist party of India (Revisionists) has proclaimed that *"significant progress was registered generally in the field of Industrial Development"*. **(Programme of the Communist party of India)**

Are these statements true? Do they reflect the objective conditions? Facts belie these statements.

Let us now discuss this problem from the angle of occupation of the population and production patterns of the economy as a whole.

Occupational Pattern : *"By far the most important indicator of industrialisation of any country is the change in the share of the manufacturing sector in the total labour force. If this share is increasing, it means that the country is undergoing a significant change in the occupation pattern which is concomitant with the process of industrialisation It also provides an incontestable evidence of the growth process."*

(Commerce, Annual 1968, page 14).

"Let us see the relevant data. The number of workers in the secondary sector of the economic activity (comprising workers in manufacturing and construction) accounted for 10.6% of the total labour force at the time of 1951 census. By the time of the next census in 1961, this figure had gone up to 11.7% only. In other words, in the course of a decade the share of this key sector had gone up by 1.1 percentage only. If we keep in mind the fact that in industrially advanced countries, the share of the secondary sector in the total working force is 30 to 50%, our rate of change appears very slow." (Commerce, Annual 1968, page 14).

The following table of the share of manufacturing industry (mining and quarying, manufacturing, construction and electricity) is the total labour force in selected countries of the world shows that *"India's agricultural emphasis of dangerously great, not only in relation to the rich white world, but even in relation to other poor non-white societies."*

("The crisis in India" Ronald Segal, page 173).

Countries	*Percentage*	*Countries*	*Percentage*
West Germany	48 4	Brazil	24.8
United Kingdom	45.2	Iran	19.2
Italy	40.4	Mexico	19.0
Australia	39.3	Peru	19.0
Hungary	38.2	Yugoslavia	17.5
France	37.6	Taiwan	17.5
Czechoslavakia	36.8	Philipines	14.5
U. S. A.	34.1	Ceylon	12.7
U. S. S. R.	33 6	Tanzania	12.2
Argentina	32.5	U. A. R.	11 9
Canada	32.3	Malasia	11.5
Japan	31.1	Moroco	11.4
South Africa	27 6	India	11.4

The above table, from Commerce, Annual 1968, page 247, shows that the Indian economy after two Five Year Plans is still overwhelmingly agricultural.

Professor Y. B. Singh in his "Indian Economy Yesterday and Today" remarks that "whether a country is industrialising itself or not, is to be judged on the criterion of the greater, or increasing percentage of people depending on industries for their livelihood". In 1911, industrial workers constituted 11.7% of the total working population; but this percentage declined to 11 in 1921 and to 10 in 1931, with the result that agriculture had reached saturation point.

In an extremely interesting treatise, "Problems of Economic Transition : India Case Study, Ranjit Das Gupta shows this high proportion of agricultural share through the following illustrative table :

Percentage Distribution of Population by Different Sectors

Year	Agriculture	Trade & Commerce	Transport & Communications	Other Services	Industry
1901	67.53	6.05	1.12	8.46	16 84
1951	69.74	5 25	1.53	10.49	13 00
1961	69.53	4 04	1.59	10 38	14.45

Source : 1961 Census Papers Number 1

This table "*clearly shows that after 10 years of planned development relative concentration of population in agriculture is larger than it was 60 years ago under British Raj and that in industry it is less. Moreover, the relative number of population employed in 'other services' has also increased. This latter sector is in the nature of boondogles adding very little to the productive potential of the economy. All these indicate the highly disquieting feature that planning effortr have failed to alter the disproportionate relationship between different sectors of the stunted and deformed economic structure, which are inheritences from the colonial days*" *(page 99-100)*.

According to Economic Times of December 10, 1965, the occupational distribution of the population had not changed for the better by 1961 in which year it was as follows :

"*In view of the fact that the occupational pattern is regarded as one of the most important indicators (next only to per capita national product) of the economic development of a country, it is asobering thought to recall that, after a decade of planning, the occupational pattern in India in* 1961 *was* not *significantly different compared with* 1951 *or even with* 1901. *Thus, for example, the primary sector (agriculture, mining, plantation, forestry, fishing, livestock, etc.) accounted for* 72.5% *in* 1961, *as against* 72.1% *in* 1951 *and* 71.8% *in* 1901.

"*The secondary sector (manufacturing and construction) accounted for* 11.7% *in* 1961 *against* 10.6% *in* 1951. *Of the* 11.7% *shown against the secondary sector, a large portion (6.4%) was engaged in household industries and a smaller portion (4.2%) belonged to small scale, medium-scale, large-scale industries. Those working in factories, as defined by the Factories Act, constituted only about* 2% *of the working population. The percentage is not likely to be higher in* 1965".

The situation after 1965 would be no better. On the other hand, due to the depression that set in 1966 and which continues to this day, industries in general are under-producing compared to their capacities and quite a number of them have closed down. Consequently, unemployment has become a major disease in the body politic. The occupational pattern has not changed for the better but has become worse.

After 15 years of planned development, with increasing taxation of the people, growing inflation and rocketing of prices, unheard of growth of public debt especially foreign debts, and with ever-expanding ties of the campradore bourgeosie with foreign monoplies, and in spite of the so-called revisionist aid from 'Socialist' countries, fundamentally there has been stagnation in our economic growth.

There has been a continuous barrage of propaganda, both from the ruling class and its agents the revisionists, that the country is progressing towards industrialisation after the attainment of so-called 'Independence'.

How foolish, incorrect, and deceptive this barrage is can be understood from Lenin's remarks :

> *"the development of commodity economy* means the divorcement of an ever-growing part of the population from agriculture i. e., *the growth of industrial population at the expense of agricultural population. It is in the nature of capitalist production to* continuously reduce the agricultural population *as compared with the non-agricultural.*
>
> *"Capitalism constantly reduced the proportion of the population engaged in agriculture and increased the number of large industrial centers."*

(2) Production patern :

As for national income by industrial origin, *"The second most important indicator of the pace of industrialisation is the change of the share of industry in the total national income of the country",*

(Commerce Annual 1968).

There is loud talk that the country is on the high road to industrialisation. The common man is being hoodwinked by the bourgeosie, its Government, and its friends, with glowing pictures of individual projects like Bhilai, Rourkela, Durgapur, Bokaro, and other public sector projects. Huge foreign-owned chemical, rubber, pharmaceutical, transport, and other industries, are thrown as a bait to deceive the people about the growing industrialisation of the country. There are the agents of the Government who proclaim that India is progressing "towards independent development", that "significant progress was registered generally in the field of industrial development", and that "it has been able to advance along the road of independent industrial growth". We are even confronted with the flamboyant assertion by 'His Master's Voice' that "There can be no doubt that the policy of imperialists to keep Indian economy within the semi-colonial bounds has received a rebuff" (Programme of the CPI). Let us face the facts.

One of the fundamental features of the semi-colonial economy is the predominance of agriculture, both in the occupational structure of the working population and in the aggregate national production of the country. I have dealt with the occupational pattern of our working population. It is even today 'overwhelmingly agricultural'. To prick the bubble of industrial growth we should now probe into the various factors of our national income known as 'National Income by Industrial Origin'

On the eve of 'independence', India's National Income was mainly

derived from agriculture. No one questions that the Indian economy then was semi-colonial in character.

In 1948, in the year following the 'transfer of power' India's National Income consisted of the following factors.

	Per cent	*Rs in crores*
Agriculture	47.6	4,150
Mining, manufacturing	17.2	1,500
Commerce, transport & communications	19.5	1,700
Other services (including administration)	15 7	1,380

On the eve of Indian independence, in 1944–45, the Indian Industrialists put forward a plan for economic development popularly known as the Bombay Plan. It visualised a doubling of the percapita income at the end of three five year plans. This plan proposed that income from industry should be raised by 500%, that from agriculture by 130%, and from the services by 200% naturally at constant prices, not under inflated rising prices. They envisaged that, at the end of 15 years, or three five year plans, industry would contribute 35% of the national income instead of 17%, agriculture 40% instead of 53%, and the services 20% instead of 22%.

The three Five Year Plans implemented by the Congress Government were proclaimed as modernisation plans through industrialisation "rapid industrialisation with particular emphasis on the development of basic and heavy industries."

"Indian Economy Since Independence", H. Venkata-subbiah, (Page 304)

What then was our achievement after three five year plans in terms of 'national income by industrial origin'? The following broad categorisation of the National Income will reveal the true character of development.

Estimates of Net National Product by Industry of Origin

(At 1948–49 prices) :	*Percentage of Distribution*					
Industry Groups	1948/49	50/51	55/56	60/61	66/67	67/68
Agriculture, animal husbandry & ancilliary activities*	49 1	49.0	47.9	46.4	38.4	41.6
Mining, manufacturing & small enterprises**	17.1	16.7	16.8	16.6	16.2	16.7
Commerce, transport & communications	18.5	18.8	18.8	19.2	20.0	19.2
Other services	15.5	15.7	16.5	18.2	24.7	23.8

Note : (*) Agriculture including forestry and fisheries.

(**) Comprising profession and liberal arts, government services, domestic service and house property.

Source : Economic Survey 1969 - 70, Page 63.

A glance at the above table clearly shows that, after three Five Year Plans 'the origin of net national product' has clearly become worse. During these three Five Year Plans the greatest growth has been achieved by 'other services', comprising income derived mainly by government services, domestic services, house property, and professional and liberal arts a phenomen on indicating growth of bureautic machine and growth of income for certain upper middle classes from urban house property, and so on. This indicates that, during this period, the proportion of income in the net national product from unproductive sources (derived mainly from an inflated economy and due to unproductive uses of foreign loans) has unduly increased, so that increased income from tangible production has been practically nil in the total net national income.

Instead of increasing the National Income proportionately by industrial production thereby effecting a fundamental change in our production relations and taking our country towards industrialisation the semi-colonial character of Indian economy has got further strengthened and re-imbursed during this period.

In 1948-49, the derivation of net national product was in the order of agriculture (49.1%), commerce etc. (18.5%), manufacturing (17.1%), and lastly other services (15.5%). This order was maintained till the beginning of the Second Five Year Plan. Looking at the table on 'Estimates of Net National Product by Industry of Origin', it can be noted that there was a change in the importance of income derived from various sources. From 1960-61 onwards i.e., from the end of the Second Five Year Plan the percentage of income derived from other services has proportionately increased. The result has been that income from industry has taken the last place amongst the various sources of Net National Product. By the end of 1967-68, the order of importance of the sources of the Net National Product has so completely changed, that any patriot should be ashamed of the state of affairs of our country. The picture, at the end of Second Five Year Plan, the Third Five Year Plan, and in 1967-68, is as follows:

National Income by Industrial Origin From the End of Second Five Year Plan

Percentage Distribution

	Agricultural	Manufacturing	Commerce etc.	Other Services
Beginning of Second Plan, 1955-56	47.9	16.8	18.8	16.5
End of Second Plan, 1960-61	46.4	16.6	19.2	18.2
End of Third Plan, 1965-66	39.0	18 3	20.1	23.4
After two years of Plan holiday. in 1967-68	41.6	16.7	19 2	23.8

Source : **Economic Survey 1969-70.**

The change is glaring. The relative contribution of the agricultural sector to the National Income dropped from 47.9% in 1955-56 to 41.6% in 1967-68, but this was not due to any proportionate increase in the industrial sector which has been almost stagnant. The contribution of the industrial sector was 16.2% in 1955-56, at the beginning of the Second Five Year Plan, when flamboyant declarations were made by the ruling party, that India under the leadership of the Congress- the representative of compradore big bourgeoisie and the big landlords is on the threshold of a socialist pattern of society to achieve industrialisation. But at the end of two 'socialist' Plans, with increasing aid from the revisionist countries towards the building of heavy industry and general industrialisation, the contribution of the manufacturing sector including small industry showed a small rise from 16.8% in 1955-56 to 18.3% in 1965-66; but this slipped again to 16.7% at the end of 1967-68.

It is the share of 'other services' all shorts of unproductive services which neither add to nor create any value that has shown a continuous increase from 16.5% in 1965-66 to 18.2% in 1960-61; 23.4% in 1965—66 and to 23.8% in 1967-68.

Commerce an economic journal of the big bourgeoisie in its Annual Number of 1968 remarks that, in India, the share of industry in the total National Income is so small that even in some of the underdeveloped countries, the corresponding figure is much higher compared to our figure.

The following tables shows the comparative figures of the share of manufacturing industry in the total Gross Domestic Product in selected countries of the world in 1966 :

Countries	*Percentage*	*Countries*	*Percentage*
West Germany	52	Iran	35
Netherlands	48	Peru	29
United Kingdom	47	Brazil	27
France	47	Morocco	27
Australia	42	Taiwan	27
Argentina	41	Philippines	26
South Africa	40	Malasia	26
Italy	40	Columbia	26
Canada	39	Turkey	24
U. S. A.	37	Korea	24
Japan	36	Thailand	21
Mexico	36	India	20
Spain	35		

Source: Commerce, Annual 1968, Page 274.

It is the faster growth of the manufacturing, industrial production, that can fundamentally and qualitatively change the agrarian, semi-colonial structure into an industrially developed society. But the sector-wise index numbers of Net Domestic Product at constant prices (1948-49 : 100) show that the compound annual rate of growth, between 1948-49 and 1967-68, is extremely distorted. During this period, income from services has grown at a compound annual rate of 4.7%, whereas manufacturing sector has grown only by 3.5%, reflecting, 'the dangerous growth of bureaucracy, along with accentuation of inflation than acceleration of economic growth', (Eastern Economist).

At this stage, it will be interesting and instructive to compare the growth of the Soviet Union under the hegemony of the Communist Party of the Soviet Union during the first 20 years after the Russian Revolution :

> *"Both for the light it throws on the present stagnant position of India, in contrast with an advancing community and for the hopeful indication it holds out to what can be achieved, given the appropriate social and politicle conditions" .... "For the purpose of comparison, we may take Tsarist Russia, not in the condition of utter breakdown and disorganisation in 1917, as it had actually to be taken over by the new socialist regime, but at its highest point of achievement in 1913 14, and compare what socialism has made of the country after 20 years rule by 1937"*
>
> (R. Palme Dutt, "India Today" page. 54).

> *"In the Soviet Union the index of industrial production [of large-scale industry] rose from* 100 *in* 1913 *to* 816.4 *in* 1937 *an eight-fold increase. This increase an advance without parallel in the economic history of any country represented not only the deci-*

sive industrialisation of Russia, the establishment of heavy industry and machine production, independent of foreign capital, as well as light industry, but the transformation of Russia from a backward country, which has previously been a 'peasant continent', with only partially developed industry under the domination of foreign capital, into the foremost industrial country of Europe and the second most powerful industrial country of the world"....."The proportion of industrial workers to the total working population rose from 16% *to* 31%. *The National Income rose from* 21 *thousand million roubles(at* 1926-27 *prices) in* 1913 *to* 96 *thousand million roubles in* 1937, *or four-and-half times increase".*

("India today" page 55.)

Russia was transformed from a predominantly agricultural country into a predominantly industrial country.

This picture of rapid advance of Soviet Union under the leadership of Lenin and Stalin, under the leadership of the Bolshevik Communist Party, offers good scope for comparison of the stagnation after 25 years of Congress rule under the leadership of Jawaharlal Nehru and Indira Gandhi.

Lenin after the Revolution in 1917 had placed certain fundamental tasks before the party and the people, to be fulfilled in the shortest possible time. He had said : "Either perish or overtake and *outstrip the advanced countries economically as well*..... perish or drive full steam ahead. That is the alternative with which history confronts us."

To drive full steam ahead, he had stressed that "without heavy industry we shall be doomed as an independent country..... If we cannot provide them, than we are doomed as a civilised State let alone as a socialist State."

But the restoration and development of heavy industry, the basis for the industrialisation of a country particularly such a backward and poor country as Russia as it was at the beginning of the Five year plan period, is an extremely diff cult tasks.

Stalin says the party counted "on our country's own resources"

"It counted on the fact that with a Soviet Government at the basis, and land, industry, transport, the banks and commerce nationalised, we could pursue a regime of strict economy in order to accumulate sufficient resources for the restoration and development of heavy industry. The party declared frankly that this would call for serious sacrifices, and that we must openly and consciously make these sacrifices if we wanted to achieve our goal. The party counted on carrying through this task with the aid of the internal resources of our country without usurious credits and loans from outside" ("Problems of Leninism" Page 400)

Lenin's adage was strictly implemented with revolutionary fervour

and discipline. Lenin had explained to the party and the people on this score :

> *"We must strive to build up a State in which the workers retain their leadership ... . in which they retain the confidence of the peasants and, by exercising the greatest economy, remove every trace of extravagance from our social relations. We must reduce our State-apparatus to the utmost degree of economy. We must remove all traces of extravagance, of which so much has been left over from Tsarist Russia, from its bureaucratic capitalist apparatus"..... ... "by exercising the greatest possible economy in the economic life of our State, we shall be able to use every kopok we save to develop our large scale machine industry, to develop electrification, the hydraulic extraction of heat, to finish construction of Volkhovstro, etc. In this and this alone lies our hope".*

Following these basic principles meticulously, the Soviet people, under the leadership of the communist party and Stalin "converted their country from an agrarian into an industrial country", by the end of the first five year plan itself. Stalin, in his Report to the Central Committee and the Central Control Commission of the Communist party in 1933, stated that "the proportion of industrial output as compared with agricultural output, has risen from 48% in the beginning of the five year plan period (1928) to 70% at the end of the fourth year of the five year plan period (1932)".

The volume of industrial output increased "more than three-fold, as compared with the Pre-war output (1913) and more than two-fold as compared with that of 1928". ("Problems of Leninism", page 402).

It is shameful that, in India, the industrial output as compared to agricultural output has been as low as 30% in 1963-64 after 13 years of the inauguration of Five year plans in 1950. The proportion of industrial output as compared to agricultural production will be still worse in the later years, due to industrial recession and set back in industrial production.

India is a glaring example of the fact that it is impossible to industrialise a backward country under the rule of the bourgeoisie in the twentieth century especially with foreign loans and foreign capital. The formidable monopoly capital of western imperialism will never brook any serious competition from a strong capitalist power in Asia or in Africa; it will sabotage, subjugate, or buy off any independent capitalism in any other Country.

> *"Inevitably, therefore, the struggle for Independence (which means political and economic independence) can only be achieved through a socialist structure, or else it becomes a sham undermined by continuing economic and cultural slavery, a state of affairs prevalent among many so-called independent States today"*
>
> ("China in the Year 2001", Han Suyin, page 19).

China, which liberated itself in 1949, after nearly 20 years of civil wars, and national liberation war, under leadership of Mao Tsetung, fulfilled the task of industrialising itself much faster to grow into the third most powerful country today, even though it started with a smaller industrial base than India, basing firmly on Mao Tsetung thought. It proved to the peoples of Afro-Asian countries struggling against semi-colonial exploitation that, the poorest country can progress with seven league boots, if only they courageously and doggedly fight against feudal and imperialist exploitation and establish a State of people's democracy by over throwing and exterminating the system of feudal and imperialist drain.

What then are the staggering achievements of China in the industrial field ?

No detailed statistical data are available from official sources, but from all accounts it is clear that :

> *"The speed of China's progress in industrialisation is impressive enough; what is more impressive is that she has in certain sectors already reached advanced international levels" ..... "In 1949, China's heavy industry was almost non-existent".*

In 1960 [according to Chou En-lai], 8 million tons of steel were produced in large-scale steel plants other than that produced in the backyard furnaces.

> *"For 1965 figures are inspired guesses, since no statistics or figures are issued Some scholars put it at between 10 and 15 million tons but others think that it is much nearer 18 million tons, taking into account not only the large, medium and small-scale steel plants but the three thousand five hundred and odd converter and blast furnaces of the modern type now scattered about the land".* (Han Suyin, page 71).

Times of India in its 'Current Notes' (September 21, 1971) points ut that :

> *"Nothing would be pleasanter than a peaceful competition between India and China in industrial and agricultural production to give a better life to the people of the two most populous countries which, between them, account for more than a third of the human race. But the rate at which things are going indicates that India is not in the race at all, and that the least the Indians can do is to shed any illusion on this score*
>
> *"It is known already that China's steel production has crossed the 20 million mark, while we will not be able to produce half as much even if the steel industry was free from its apparently endless woes. Yet, in 1949, both India and China produced the same amount of steel."*

"The Chinese estimate that their industrial growth, aiming at 10% a year but which seems to have reached 15% in the last two years, will permit them to achieve their goal, proclaimed in 1958, of catching up with England in steel production by 1972 (26 million tons)". ("China in the Year 2001," Han Suyin, page 71)

In 1968-69, India's production of finished steel was 4.70 million tons, production of steel ingots was 6.50 million tons. (Economic Survey, 1969-70, page 78).

The fertiliser industry is a leaping industry today nine million tons of chemical fertilisers are produced in China; the building of another 20 large and small fertiliser plants to be completed within the next three years is in hand" (Han Suyin, page 61).

In India, production of nitrogenous fertilisers in 1968-69 was 5.41 lakh tons; production of phosphatic fertilisers was 2 10 lakh tons. Together production of chemical fertilisers was less than 8 lakh tons. (Economic survey, 1969-70, page 81).

"The discovery of oil wells in Manchuria and in several regions of Siokiong, opened up in record time by combined teams of technicians and armymen, has made China self-sufficient in oil requirements for her present development. Chinese refineries now turn out a whole range of petroleum products and 10 million tons of crude oil a year; a figure that will probably be doubled by 1970" (Han Suyin, page 81).

" The American Asscciation of petroleum geologists has now reveled that China has become nearly, self-sufficient in crude oil. The Oil and Natural Gas Commission in India, on the other hand is apparently too busy sorting out the mess over the price paid by it to a tea company for land in Assam where no oil has yet been found" .... "The usual alibi that Chaina's totalitarian system enables it to drive its man power far more ruthlessly than is ever conceivable under the democratic system in this country has only marginal relevence" (Times of India, september, 21, 1971).

"Today China can build machinery for industry, agriculture, defence, transport and scientific research. She can produce all kinds of motor Vehicles, ships, aircraft, high-precision machine tools instuments and meters, locomotive engines and whole textile plants. She produces synthetic meterials, plastics, computers, hydraulic presses; she can set up fertiliser plants, steel plants, and refin ries, all on her own. Whole plants are being sold abroad and she is also buying whole plants. She is able to design independently and to build modern coal-pits each with an output of one million tons, integrated iron and steel works each with an annual productive capacity of 1.5 million tons of steel, chemical fertiliser plants, each with an annual productive capacity 25,000 tons of synthetic ammonia, various heavy machine building plants, power stations each with a

6,50,000 kw capacity ..... China can now produce 90% of the machinery she needs ... In the space of only a dozen years, the foundation of socialist industry has been laid ... . Today industry, science, and technology, have reached a stage where China can go forward industrially even if completely blockaded".

(pages 85,86,87)

The contrast in development between the two biggest countries in Asia is striking enough for any patriot to ponder over and understand the reasons for the same. A study by Dr. K N Raj, the well-known economist, is revealing :

"China offers the best example of an underdeveloped country which used foreign aid for a limited period of time to promote growth but dispensed with it (partly out of necessity and partly perhaps by choice) and repaid in an almost equally short period the aid it received earlier . .. The aid received by China was really in the nature of trade credits for finalising the excess of imports over exports in the early years."

This is obviously in contrast to what has happened to India Dr. Raj continues :

"A more important difference between the two countries has been perhaps in the purpose to which the available resources have been put. Since income is very unequally distributed in India, and the economy operates largely under the stimulus of market forces. It is evident that a significant part of the investable resources has got absorbed directly and indirectly in meeting requirements of no great importance for the development of the economy. In China, it seems likely that, this kind of leakage has been prevented through a more equal distribution of income and stricter control over investment".

(quoted by E.M S. Namboodripad in Patriot, july 5, 1968.)

The underdeveloped India, under the servile, western-oriented, collaborationist ruling class, intent on personal profit, was and is entirely dependent on the affluent metropolies of the West, whereas China, which understood that it will not be permitted by international capitalism to develop, relied on its own politically conscious people, led by a dedicated, revolutionary party. Self-reliance was its basic principle. Begging for alms and aid is the basic principle of India.

Believing that in any large, self-sufficient, modern economy, it is the internal market and exchange of goods which assure a safe and reliable base, revolutionary China blasted landlordism to smithereens and freed millions of peasants from feudal exploitation to create a new, prosperous countryside as a strong market. On the otherhand, the Indian ruling class has sustained and strengthened all forms of landlord exploitation through co-operatives loans, community development, panchayat raj, etc thereby reducing 90% of the countryside to pauparism.

Believing that penetration by foreign capital in any form, even with Chinese partnership, would lead to occupation of the commanding heights in the economy by the foreign companies accompanied by great drain to detriment of national growth, the revolutionary patriot Chinese under the leadership of the communist party exterminated the imperialist hold in all sectors to create a basis for independent, self-reliant development. On the other hand,the Indian compradore bourgeoisie has allowed the massive invasion by foreign capital in all spheres of activity, through private investments and loan capital, to capture the heights of the economy dominating from the hotel industry to dehydrated foods, from transport to steel, from electric generation to distribution, from heavy chemicals and fertilisers to pharmaceuticals, from toilet articles, sanitaryware and radios to tea, coffee and other beverages, from cigarettes and matches to shoes, from production of paper to books, from production of crude petroleum to refined petroleum products; indeed, in every sphere of industry, both in the private and public sectors. Consequently, India is a picture of insolvency, deficiency in balance of trade, and financial control by foreign powers.

The slogan of industrialisation by the Indian rulers is a kind of evasion from the problem of having to tackle the colonial economy inherited from British imperialism an evasion of direct confrontation with foreign capital and with the semi-feudal landlord economy. This call "to speed up the growth of industrial output" :

> *"In effect implies a perpetuation of a modernised enclave economy familiar from colonial economic experience", and "calls for minimal disturbance of the established institutional framework" ...."It is much simpler and less trying to by-pass the social and institutional inhibitions and obstacles which have traditionally suppressed high levels of economic performence than it is to meet them head on."*
>
> (Gunner Myrdal, "Asian Drama" page 117.)

To hope to industrialise India under these objective conditions is to build castles in the air and deception of the worst kind.

NATIONAL PER CAPITA INCOME

Estimates of total National Income and per capita income are generally used to measure national economic development. A continuous series of annual estimates of total or per capita income would reflect also the consistency of the income flow, and if the series were long enough it would suggest whether the nation tended to grow richer or poorer and how rapidly the change was taking place.

Dadabhai Naoroji had said, as early as in 1870 :

> *"Let there be a return in detail, correctly calculated, made every year, of the total income of all British India, per head of the population, and of the requirements of a labourer to live in working health and not as a starved beast of burden Unless such complete and accurate information is given every year in detail, it is idle and useless to make more un founded assertions that India is prospering."*
>
> **("Development of Economic Ideas in India", P. K. Gopalakrishna, page 43)**

A study of this aspect of our economy will clearly reveal that the record of progress of India is so poor, inadequate and partial that "after more than a decade and half of planning the hope to have economic regeneration and healthy,vigorous national advance has proved to be illusory". Even the Economic Times in an editorial on February 2, 1969 commented that "in the context of a pathetic low rate of growth in national income" the claim of stability is "tantamount to an admission of stagnation "

Targets and Achievements of National Income

The first Five Year Plan gave a simple projection of model economic growth. The First Plan hopefully envisaged that the level of National Income in 1950-51 could be doubled by 1970-71 and that of per capita income by 1977-78. In the Second Plan it was suggested, in a moment of enthusiastic flush of 'Avadi Socialism', that he National Income might be doubled by 1967-68 and the per capita income by 1973-74.

The performance of the first two Plans, especially the failure of the Second Plan disabused the mind of the ruling classes.The ruling party had to admit in 1962"that even with a sustained growth rate of 6% per annum it would be difficult to fulffil the intentions expressed in the Second Plan of doubling 1950-51 level of income per head by the middle of the Fith Plan" i. e. even after 25 years of 'independence.' Having grown 'wise', the Planning Commission under the leadership of the 'patriotic' national Congress

envisaged and proclaimed in the third Five Year Plan that it would "secure an increase in National Income of over 5%per annum, the pattern of investment being designed also to sustain this rate of growth during the subsequent plan periods." It was estimated that the National Income should go up by about 30% and per capita income by about 17% over the next five years.

National Income is calculated as per two price structures, one at constant prices (base at that time being 1948 49), add the other at current prices. To study the growth of National Income on the basis of current prices will be like looking at one's face in a distorted mirror. This will reflect the twists and turns of the rise and fall in pr ces. For example, supposing we produce 100 commodities priced at Rs. 100 this year. If the prices were to increase by 15% next year, production being the same, there will be an artificial increase in National Income by 15% to Rs 1 5 If on the other hand, the prices fall by 10% production being the same, an entirely different distorted picture of a fall in Nat onal Income is produced. To avoid this idiosyncracy, a study of National Income at constant prices over a certain number of years would give a truthful rate of increase or of fall in National Income.

With the background of the moderate hopes of the rulers in mind, let us look at the actual achievements.

The following figures of National Income for the three Five Year Plans at constant prices (base 1948-49) will reveal the limping startlingly low rate of growth of our economy.

Growth of National Income during the Three Plan Periods at Constant (1948-49) Prices

	Total National Income (Rs. crores)	Per cent Rate of Growth over Previous Year
First Plan		
1951-52	9100	2.8
1952-53	9460	3.9
1953-54	10030	6.0
1954-55	10280	2.5
1955-56	10480	1.9
Annual growth rate during First Plan		3.5
Second Plan		
1956-57	11000	4.7
1957-58	10890	— 1.0
1958-59	11650	6.6
1959-60	11860	1.8
1960-61	12730	7.3
Annual growth rate during Second Plan		3 9

Third Plan		
1961-62	13060	2.5
1962-63	13300	1.8
1963-64	13950	4.9
1964-65	14980	7.4
1965-66	14640	— 2.3
Annual growth rate during Third Plan		2.8

The tables are from the **Economic Survey**, 1969-70, published by the Government of India.

From all accounts, India is growing poorer The greater the amount of foreign loans, the slower is the growth rate of the Indian economy. As the country progresses from one Five Year Plan to another, the position of the Indian ruling classes has become so precarious that its survival is increasingly dependent on external assistance And, despite the external assistance the rate of growth of the Gross National Product lags far behind.

The following figures of the utilisation of external assistance during the Five Year Plans shows the galloping speed with which India is being mortgaged even as there is stagnation in growth.

Utilisation of External Assistance

	Rs. crores
Upto the end of the First Plan	202
During the Second Plan period	1430
During the Third Plan	2868
During the three years of plan holiday, 1966-67 to 1968 69	3098

Source: Economic Survey, 1969-70, page 134.

Such has been the growth of utilisation of foreign assistance to achieve a rate of growth of National Income of 3 5%, 3 9% and 2 8% in the First, Second and Third Five Year Plans, respectively. Indeed, this low level of growth of National Income can only help preserve the present low level of production and consumption What is more, the low level of growth is fundamentlly due to continued plunder by foreign finance capital, and unequal exchange of goods, resulting in the great drain of capital resources from the country. This is due also to the continuing semi-feudal structure of rural relations on which basis on major breakthrough can be achieved.

Per Capita Income

When the rate of growth of National Income is so low, the rate of growth of per capita income will be still worse.

——— It should be remembered that the First Plan envisaged that the per capita income could be doubled by 1977-78. The Second Plan was even more optimistic, probably because generous aid and alms of new-found friends, Khruschev and company, were added to imperialist generosity, and promised the doubling of per capita income by 1973-74 But the Third plan, in the midst of intensely aggravated all-round crisis expressed that it would be difficult to fulfill the target of the Second plan. The crisis comprised lack of growth of agricultural production, growing lag in ndustrial production, shooting up of inflation with spiralling rise in prices, Himalayan growth of the burden of debt repayments, widening gap in the balance of payments, all resulting in mounting unemployment and poverty of the largest chunk of the Indian subcontinent. Therefore, the ruling class promised a growth of only 17% of per capita income during the Third Plan, at an annual growth of about 3%.

What was the actual achievement ? The following figures reveal the most astonishingly low rate of growth :

Per Capita Income of India at Constant Prices (1948—49 : 100)

Year	Per Capita Income in Rupees	Percent Rate of Increase over Previous Year
First Five Year Plan		
1950-51	274.5	—
1951-52	250.5	1.13
1952-53	255.7	2.16
1953-54	266.2	4.11
1954-55	267.8	0.60
1955-56	267.8	—
Average annual rate of growth per year during First Five Year Plan		1.60
Second Five Year Plan		
1956-57	275.6	2.91
1957-58	267.5	— 3.0
1958-59	230.1	4.79
1959-60	279.2	— 0.32
1960-61	293.2	5.01

Average annual rate of growth during the Second Plan	1.8
Third Five Year Plan	
1961–62	294.3 — 0.4
1962–63	293.1 — 0.5
1963–64	300.6 3.0
1964–65	315.6 6.0
1965–66	301.4 — 6.4
Average annual rate of growth during the Third Plan	0 6

What is the conclusion that one can draw from the above figures? That the economy of our country is not growing faster than in the colonial period,and that it is poorer today in relation to the other developed countries than in 1947 the glorious year of 'grant' of independence to the Indian bourgeoisie. This is an unchallengeable conclusion after 20 years of independence and 15 years of Five Year Plans intended for the attainment of a Socialist pattern of society.

Why and how can the conclusion be drawn that India is not growing faster than in the colonial period? We have noted in previous pages that the occupational pattern in our country has not changed fundamentally in these 20 years. We have also noted that National Income by industrial origin is no better than it was in the past.

Let us see whether National Income and per capita income have grown faster than in the past.

In the famous 'Meerut Conspiracy Case', the then communist accused have provided some data on the growth of per capita income in India in the early part of this century to prove an "appalingly low" economic position of the people. Let us look at the facts and compare the growth rates of those days with the present growth rates. In their statement so the Court, they proved – on the basis of the data for 1871 of Dadabhai Naoroji, for 1832 of Barning Barbour,for 1901 the data of lord Curzon, and that for the later period the data provided by Shah and Khambata till 1922 - that there was "a fairly constant rise over the period 1870—1920 at the rate of about half percent per annum."

("Communists Challenge Imperialism from the Dock" Page 79)

The per capita growth rate as per the Government's data for the First, Second and third Five Year Plans, after 1950, is 1. 6%. 1.8% and 0.6% respectively. The position is clear. We are now almost in the same 'honourable' place as in 1922

Where did we stand in comparison to other countries then and what is the position now?

The Simon Commission had said in its report that, "the average income of India per head in 1922 was equivalent, at the prevailing rate of

exchange, to less than £ 95" – Great Britain's per capita income was 12 times more than India's in 1922.

That "the underdeveloped countries will show no improvement in per capita income relatively to the developed countries", and that "disparities in fact tend to grow rather than diminish", was the conclusion that was arrived at in a report of the corporation for Economic and Industrial Research ("World-wide and Domestic Economic Problems and Their Impact on the Foreign Policy of the United States") published by the Senate Foreign Relations Committee of the United States in 1960.

> *"Per capita gross national product in the developing countries rose much slower than in industrial countries. In the economically backward countries it rose from $ 107 in 1950 to $ 124.6 in 1957, or by 16%, and in industrial countries from $ 1113.5 to $ 1345.4, or by 20%. While in 1960 the ratio between the per capita national product was 1 : 10.4 in favour of developed countries, in 1957 it was 1 : 10 8. No essential change in this respect has occurred since then."*
>
> ("The Dollar and Asia", by R.A. Ulyanovsky, pages 8 and 9.)

Can one expect the position of India to be any better than this generalisation on the growth rates of developing countries compared to those of the developed countries? There cannot be. On the other hand, India's position is still worse.

Soviet economist, Ulyanovsky, who has tried to prettify Indian Economic growth to the extent possible in order to proclaim the progressive character of the Indian ruling class has the following to say :

> *"Let us turn to the facts and figures pertaining to the most advanced of the developing Asian countries – India, which has registered the biggest economic progress. During the operation of the First Five Year Plan (1951–52 to 1955-56), her National Income rose by 15% while that of Great Britain grew by 42% and that of the United States by 25% .... It is clear that as regards per capita income, India, far from overtaking the advanced capitalist countries is increasingly falling behind them. Nor has this tendency been radically altered during the Second Five Year Plan (1956-57 to 1960-61).*
>
> *"If we take a period of 12 years (1948–49 to 1959 60) the picture is about the same: in 1948–49, the average per capita income in India was Rs. 246.9, while in Britain it was 14 times greater. In 1959-60, it amounted to Rs. 291.6 an increase of 18% but in Britain it was 15.5 times heigher".*
>
> ("The Doller and Asia", pages 9 and 10.)

Economic Times of november 5, 1965, reproduced from a U.N. publication, figures of per capita income of some countries in 1963 which throw further light on the retrogressive progress of India. The per capita

Income of Britain in 1960 was higher by 20 2 times than that of India. Economic Times further noted that *"the year book of National Accounts and Statistics, 1964, published by the U. N, Statistical Office gives roughly comparable data on the per capita gross domestic product of 70 countries for 1963. Among these 70 countries, India ranked 67th."*

Furthermore, by 1965, our position in relation to other countries became still worse. The year book of National Accounts and Statistics 1966 which gave figures of per capita income of 82 countries showed India's to be extremely consistent rearward progress. India's place among the 82 countries in 1965 was further behind, to be more precise 69th (**"Problems of Economic Transition"**, page 102).

What a glorious task the ruling class has been fulfilling in its eagerness to place India in the forefront - in the first place from behind. Since we cannot achieve the front task in the forefront, to achieve the first place from behind is certainly a creditable achievement, of Himalayan dimensions, in the glorious march towards Ram Rajya, in the great patriotic progress forward towards building a *"socialist Pattern of Society"* under the guidance and leadership of the non-violent, truth-seeking messiahs of the Gandhi-Nehru era.

Greater deception has never been practiced on the innocent minds of the common men than by these *'traitors'* posing as *'Patriots'*.

Even after 100 years of rule of these self-styled patriots, can India, hope to reach the present level of income of the developed countries ?

Yojana, the Journal of the Planning Commission, in its issue of April 17, 1966, revealed that in a report on the economic situation in Asia presented to the E. C. A. F. E. conference, held in the first quarter of 1966 in New Delhi, the dramatic statement was made that *' at the current rate of growth in the per capita income, India will take another 135 years to reach the present Japanese level of income."*

Growing Poverty :

> *"A 14 year old scheduled caste girl, belonging to Gopalpara district in Assam, was mortgaged by her father for a loan of five maunds of paddy"* was a shocking reply to a question in Lok Sabha : *in the first week of February, 1970.*

Study of the per capita income, even though useful for a general understanding of the *'average'* growth of economy, and to an understanding of the *'average'* poverty of the country, does not provide the real state of poverty in India, since the national income is not distributed equally among all the people.

In case the average annual income is in fact equally distributed to

every Indian, "a reasonably balanced diet would be available to all Indians today", provided that they:

> "*consent to go naked, live out of doors all the year round, have no amusements or recreation, and have nothing else except raw food. But if they want some fuel to get their food cooked, and require some clothing however coarse it may be; some house-room however wretched; some distraction however primitive; and want to fulfil some of their essential wants, they will have to cut their expenditure on the consumption of their food at least by half.*
>
> "*Even this minimum, which cannot be considered sufficient for civilised human existence, is possible only when the whole national income is distributed* [equally] *amongst all the people, which is not the case. A sizeable portion of the income is distributed amongst a small per centage of the people, while the majority has to remain content with a smaller portion. This wide disparity in the income of the people further tends to reduce even that minimum which has been considered insufficient for civilised human existence.*" ("The Food problem in India" by N. C. Agarwal, quoted by Ronald Segal, in "The crisis in India", page. 181).

Therefore, it is clear that "there is simply not enough food, or enough money to buy enough food, for all the Indians there are". Such is the abhorrent state of affairs today. All this means undernourishment and malnutrition, amounting to a starvation diet for the majority of the people in India.

The depth of the poverty and its hazardous effect on life is illustrated by the consumption of Kesari Dal, excessive consumption of which can cause paralysis. It has been pointed out by one writer that millions of poverty-stricken persons -

> "*do not really eke out a living but die a slow death through malnutrition and through taking 'food items' which are not fit for animal, let alone human, consumption In Madhya Pradesh, Uttar Pradeeh, Bihar, Orissa, and West Bengal, an important 'food item' entering the diet of landless labourers is a pulse called Kesari Dal excessive consumption of which can cause Paralysis (called Lathyrism in Medical Journals) particularly young adults .... The well-to-do was free from this disease. It was, found that labourers employed by the landowners and big cultivators are paid Lathyrous Sativus (Kesari Dal) in lieu of wages*" Quoted in 'Problems of Economic Transition' by Ranjit Das Gupta in Economic and Political Weekly).

In India, human labour is valueless. "Kindness to animals" and "cow protection" societies are abundant.

Economic Times of October 14, 1970, in an article covers an exceedingly dismal theme 'Progress of Poverty' in India.

It concludes, on the basis of the following table, based on National Sample Surveys, that the per capita expenditure of the masses whether rural or urban, has not experienced any improvement over the 12 years ending 1963:

NNS Round	Period Roughly Referred to	Per Capita Expenditure in Rs. Per Month	
		Rural	Urban
3rd Round	1951–52	23.09	31.72
9th Round	1955–56	15.20	23.69
16th Round	1960–61	20.03	27.51
18th Round	1963	22.41	32.81

"It is obvious that there has been no change of significance in the levels of consumer expenditure either in rural or urban areas, while the wholesale prices index moved up from 125 to 132 during the period."

As a matter of fact, if the consumer expenditure is calculated on the basis of 1951-52 prices for the year 1963, the position in 1963 has actually become worse.

It may be pointed out, at this stage, that all these indicators of average consumption *refer only to availability for consumption* if all of them receive that much of income, *rather than to actual level.* This method of trying to show how people are living and consuming is not appropriate because of the wide disparities in incomes in the country. An increase in the average per capita consumption in the country as a whole may be brought about by a large increase in the consumer expenditure of a comparatively small part of the population of say about 10%, while there is no change, or there is even a fall, in the consumer expenditure of the rest of the population. All the same, these average indicators are a pointer to the fact that the Indian economy as a whole has "miles to go not only to reach world standards of living but even to fulfil the promises made" years ago.

The following table gives the average consumption of various important types of food consumed in India in comparison with certain other developed and underdeveloped countries. Food consumption is in turn measured most appropriately by the average daily calorie intake and protein intake per person. As in other respects, it is no wonder that India occupies a prominent position in the rear of the countries.

This table clearly shows that, of the selected 19 countries including such underdeveloped countries as Brazil, Israel, Pakistan, and Ceylon, India occupies the last place in the matter of protein content, calorie content, meat content, and sugar content, in the people's intake of food. Even in the matter of cereals and flour, the intake of the average Indian is very much lower than that of Yugoslavia, Arab Republic, Italy, Mexico, Pakistan and Ceylon.

Net Food Supplies Per Capita (in grams per day)

	Cereals Flour	Sugar	Meat	Milk	Calories	Proteins	Year
1. United Kingdom	206	136	201	598	3220	89	1966–67
2. U. S. A.	177	133	294	665	3200	96	–do–
3. Canada	184	137	244	646	3180	96	–do–
4. Switzerland	230	124	183	661	3170	88	–do–
5. Yugoslavia	526	65	81	293	3160	93	1965
6. France	235	91	240	578	3150	102	1966–67
7. Australia	219	144	238	618	3120	92	–do–
8. U. A. R.	586	46	36	124	2930	84	1963–64
9. Argentina	268	90	309	338	2920	88	1966
10. Sweeden	176	120	142	745	2900	80	1966–67
11. Netherland	195	133	157	682	2900	83	–do–
12. West Germany	194	91	185	557	2870	80	–do–
13. Italy	360	72	106	418	2860	87	–do–
14. Brazil	304	111	73	209	2860	71	1965
15. Israel	275	108	41	371	2850	88	1965–66
16. Mexico	368	104	65	339	2780	74	1965
17. Pakistan	453	60	11	195	2290	52	1965–66
18. Ceylon	370	50	6	52	2180	50	1966
19. India	346	50	4	110	1810	48	1965–66

The daily energy requirements of an adult of either sex, living an ordinary life without manual labour has been estimated at 2,400 calories, and those who are engaged in heavy manual work require about 2,800 to 3,000. In 1941, Dr. Aykroyd, the Director of the Nutrition Research Laboratories, reported that the average Indian diet consisted of only 1,750 calories of insufficient and unbalanced diet.

The Research Bureau of The Economic Times comments, on the basis of the above, that in India, the average per capita consumption of calories was only 1,810 in 1955–56 against the requirement of 2,500 calories. This shows that a large proportion of population in India suffers from undernutrition.

"Protein intake is even further below at only 45 grams per day compared to 102, 96 and 90 grams in France, U.S.A. and Yugoslavia, respectively, and as high as 88 grams in Israel and Argentina.

"Worse still, cereals, Starchy roots constitutes more than two-thirds of the average diet, whereas in developed countries the relative share of carbohydrates in the total calories supply is only 25%.

"Countries with high per capita income, in general consume more proteins than countries with low per capita income. Because of economic inequalities in India, a substantial portion of population receives even less than the low average."

(Economic Times November 20, 1970.)

There can be no better indictment of the ruling class which is leading millions of people on the road to 'slow death', unobtrusively, silently, and by the most non-violent method.

The Reserve Bank of India, in its *Bulletin* of January 1970, has studied the indices of poverty for 1960-61 and 1967-68, on the basis of which it is clear that rural poverty is growing into extraordinarily unimaginable dimensions. The data produced by the *Reserve Bank Bulletin* for 1960-61 showed that "Of the rural population of 355 millions, 184 million (about 52%) may be considered absolutely poor". The data for 1967-68 clearly show that, as compared to only 52% of the rural population in 1960-61, 70% of the rural population in 1967-68 was found to be at poverty level, consuming very much less than the minimum nutritional norm of 518 grams of foodgrains per capita per day. This minimum, on the basis of which the *Reserve Bank Bulletin* computes the poverty level, is very much less than the Jail norm which is 700 grams of foodgrains for hard labour, and 600 grams for non-labour, as per the Andhra Pradesh Jail Rules of 1971, excluding pulses of which the jail standard is 100 grams.

"A National Sample Survey a few years back revealed that 5% of the population or nearly 20 million live on less than Rs. 3.2 per month 10% or more than 38 million live on Rs. 6 2 per month and 50% or half the population, nearly 200 million live on Rs. 14.6 per month or less than half a rupee per day. Only about 10 or 11 per cent of the population of India can spend more than one rupee a day". (P C. Mahalanobis in Sankhya, September 1958, as reported by Ranjit Das Gupta in Problems of Economic Transition Page 102)

In 1967-68, as per an article in Reserve Bank of India Bulletin of January 1970, 20.6 million lived on a bare 34 Naya Paisa per day, another 41.3 million on 81 Naya Paisa, and 82.6 million on 103 Naya Paisa-a total of 20 crores and 64 lakhs of population survive precariously with a rupee and less per day in the highly inflated economy of sky-rocketing prices, eking out their precarious existence much below the 'poverty level'

The Government's Planning Commission was reported, late in January 1963, to have been busy investigating how long it would take, at current rates of economic growth and population increase, before every Indian had at least enough to eat. The Commission's examination revealed that 60% of the population lived below Rs. 22 per month. And, in view of the nutritional experts, a minimum of Rs. 23 were to be spent on food alone, if minimum standards of health were to be maintained. All these calculations were made at the current prices operating at the period of enquiry.

The Planning Commission dismally concluded that, at the present pace of progress, something like a-third of the Indian people would be living below the bread-line by the year 2000. It assumed that anyone enjoying a monthly income of Rs. 25 a month in the year 2000 AD would have enough to eat. It ignored the fast-rising prices in the intervening period. It dismissed altogether the cost of clothing, fuel, and the most primitive other necessities of life. "It seems a desperate enough prospect". It is in fact wildly optimistic. All the same, even the optimistic estimate admits that a-third of the population under the present policies and programmes will be below the proverty line even in the year 2000 A.D.

The Dutch Economist N.M.J.M. Brockmeijer, in his little book "Fiction and Truth about the Development Decade", summerised the truth of the marvellous development of backward countries as "the widening gap between industrialised countries and the developing countries, alarming growth of crisis in the balance of payments of the under developed countries, and the growing hunger in many of these countries". "He insists that there is no sense in lulling the people of developing countries into a state of complacency. We do not help them with the fairy tales of 'Decade of Development'. Many decades, if not at least a century are required to guide them to prosperity". (Blitz, August 14, 1971.)

Is it any surprise then that the country is in the midst of extensive and deep convulsions, leading to sudden and sharp economic and political struggles?

EXTERNAL ASSISTANCE

After World War II, the imperialists have been forced to change their old style of direct colonial rule and exploitation. They have adopted a new style of exploitation by relying on certain agents in newly independent countries. By means of economic 'aid' or other forms such as direct investments, the imperialists make all efforts to retain these countries as market for their goods, as outlets for export of capital, and as sources of raw material to plunder the riches and suck the blood of the people of these countries. This new colonialism is more pernicious and sinister than the old form of direct colonialism. The imperialists adopt every means available to preserve colonial exploitation of the peoples of the former colonies by adopting new forms and new methods. They try to retain, extend, and strengthen their hold through various levers of economic control

One of the most important plans adopted by imperialism in its various forms of export of capital-private and government-is 'aid' capital, the latest form of export of capital adopted by imperialist countries to continue their hold in the former colonial countries. *"export of capital as distinguished from the export of commodities acquires exceptional importance"* (Lenin).

There is a belief that aid is a kind of dis-interested international munificence: Those who propogate this view are deceiving the people in the face of clear evidence of its role as a weapon of influence and control. President Kennedy, without disguising the role of 'aid', said in 1951 that "foreign aid is a method by which the United States maintains a position of influence and control around the world, and sustains a good many countries which would definitely collapse or pass into the communist bloc". Therefore, aid is a means "to maintain the influence and control" over countries to which it is given, to sustain countries from 'collapsing'-meaning thereby, to protect the ruling classes of the aid-receiving countries from the growing revolutionary forces. As a former senior economist of the U.S. Agency for International Development has admitted, "economic assistance is one of the instruments of foreign policy that is used to prevent political and economic conditions from deteriorating in countries where we value the preservation of the present government".

In an interesting book "Aid as imperialism" published by 'Penguins', Teresa Haytor characterises 'aid' as *"a complicated edifice of deception"*. The author, who was on the staff of Overseas Development Institute financed mainly by the World Bank, came to the conclusion after a few years of experience that this 'aid' was *"stunting and distorting"*

the development of the backward countries. The author writes that, "*since being in Latin America, I have come slowly to realise*" that the contribution of aid "*to the well-being of the people of the third world is negative*", that "*aid can be regarded as a concession by the imperialist powers to enable them to continue their exploitation of the semi-colonial countries*". Further, it also helps "*to create and sustain, within third world countries, a class which is dependent on the continued existence of aid and foreign private investment and which, therefore, becomes an ally of imperialism*". Furthermore, she explains that "it can secure the adoption of measures favourable to the providers of aid and unfavourable to the recipients; it can be used, deliberately or otherwise, for projects which impoverish the mass of the population; and it usually adds to the burden of debt carried by the countries receiving it and hence to their dependence". Material benefits to the aid-giving countries are immediate. "In one sense, aid is merely a form of subsidy for international companies paid for by the tax payers of the imperialist countries-a form of exploitation of the people of the aid-giving countries themselves in the interests of the international companies. It in no way helps the aid receiving countries. Goods which are financed by tied aid are usually very much more expensive than those which could be bought elsewhere". Aid enlarges "the overseas markets for the products of the private companies of the imperialist powers". "Aid is a means, used to secure the creation of facilities such as roads, harbours and training institutions....to make the operations of these companies more profitable." Thus aid is nothing more than "a mere bribe or concession to sweeten the pill of exploitation."

These long extracts from the above book are given mainly to prove that the rulers of this country are hand in glove with imperialist powers to exploit the people of this country in the interests of international companies and their agents in India.

It is further intended to expose social imperialists who claim that "cridits extended by the Socialist countries are exerting a telling influence on the aid of the imperialist States in India." "Dollar and Asia", by Ulyanovsky.) This prettification of imperialist aid has come in handy to the imperialist aid-givers and their agents in India, to claim that 'Aid' is in India's national interests, and that aid is inevitable for national development. This is a cover for the pernicious, usurous exploitation of India by the imperialists.

After World War II, the imperialists have certainly not given up colonialism but have adopted a new form-neo-colonialism. An important character of such neo colonialism is that imperialists have been forced to change their old style of direct colonial rule and to adopt a new style of colonial rule and exploitation by relying on the agents they have selected and trained.

India has not only allowed old colonialists to continue to plunder but has given every available incentives for new colonialists to plunder our resources at their will. India has become a centre of exploitation by imperialisam.

It is my duty now to expose this criminal conspiracy of the Indian ruling classes with imperialism, with facts and figures. History has had no example of any country which has developed into a strong and powerful nation with the type of 'Aid' India is receiving from imperialist powers.

In June 1920, Lenin, had expressed that :

> *"It is essential constantly to expose and to explain to the widest masses of the working people everywhere and particularly in backward countries, the deception practised by the imperialist powers with the help of the privileged classes in the oppressed countries in creating estensibly politically independent States which are in realit y completely dependent on them economically, financially and millitarily'.'* **(Thesis on National Colonial Question", *adopted by the Second Congress of Communist International, reproduced in* "Documents of the History of the Communist Party of India,"** page 204.)

Quantum of Assistance to India

External assistance, or foreign aid, to India is growing with galloping speed. India has been receiving aid from all Western countries without exception-from 20 countries in all, including Japan. The international Bank of Re-construction and Development (I. B R. D), known popularly as World Bank, is playing a major role of co-ordination to help India gain greater aid.

Towards the end of September, 1970, India has been allotted by various countries and the World Bank, amounts totalling Rs. 9,171 3 crores of loans and grants, out of which Rs. 8,063.4 crores had been utilised till that date. The thirst of The Indian economy for foreign loans and grants is unquenchable. Of the growth rates in our Five Year Plans, it has had the greatest growth rate.

The phenomenal speed with which it is growing can be gauged from the fact that India's foreign debt constituted a mere 0.3% of the National Income in 1960-61, whereas by 1967-68 it was more than 19%. "The per capita foreign debt of India is about Rs. 92.02", reports Y. B. Chavan as Finance Minister of India in 1970 (**Indian Express**, November 21, 1970).

More and more, India is becoming dependent on external assistance not only for growth, but even for its very existence. This becomes evident also when we study the immensity of its role in our Central budget. "The proportion of overall budgetary deficit covered by external assistance rose

from 9.2% in the First Plan, to 30% in the Second Plan, and then to 49.2% in the Third Plan. It further shot up to 52.7% in 1955–66." (R. B. I. Bulletin, October 1968).

During the First Plan, the authorisation of foreign assistance amounted to Rs. 381.7 crores (averaging Rs. 76.34 crores per year), utilisation being Rs. 201 7 crores (averaging Rs. 40.54 crores per year).

The year 1956–57 became a turning point as regards extension of foreign aid. India suddenly found herself requesting large sums of aid to avert a foreign exchange crisis, having exhausted nearly a Rs 1,000 crores worth of sterling balances, even before it had taken a single important step towards industrialising the country. The crisis has continued to deepen ever since The imperialists, under the leadership of American imperialism, through the Aid India Club, have always kept India on starvation rations, as regards credits for production purposes, so as to keep the country's balance of payments in a state of acute crisis and continued dependence on Western aid. With the result that external assistance began to mount, and reached unprecedented proportions. During the Second Plan, the authorisations amounted to Rs. 2,538.8 crores (Rs. 507.64 crores per year), utilisation was Rs. 1,430.31 crores (average per year being Rs. 286.06). During the period of the Third Plan, the authorisation of external assistance was Rs. 2,838.3 crores, averaging per pear Rs. 579.44 crores; the utilisation was stepped up to Rs. 2,867.7 crores, utilisation per year being Rs. 573.54 crores. In the three years after the Third Plan, years known as 'plan holiday', authorisations of external assistance increased to Rs. 3,180.2 crores, the average per year thus rocketing to Rs. 1,060.06 crores. The utilisation during this period was equally of huge proportions being Rs. 1,032.66 crores per year. The following table from *Economic Survey*, 1969-70, gives the full picture.

Authorisation and Utilisation of External Assistance from 1950-51 to 1968-69 (Rs. crores)

	Upto First Plan	During Second Plan	During Third Plan	1966-67	1967-68	1968-69
Authorisation	381.7	2538.8	2898.3	1423.3	714.9	942.9
Average per year	76 34	507.64	579.44		1060.06	
Utilisation	201.7	1430.3	2867.7	1055.6	1177.2	864.9
Average per year	40.54	286.06	573.54		1032.56	

After such phenomenal use of foreign 'aid', one naturally expects that the Indian economy would have reached the stage of self-help, or in the sophisticated phraseology of the planners, the 'take-off' period. But, unfortunately, the Inian Baby under the extravagent and scientific guidance

of expert doctors of international finance has not even begun to stand on its own feet. How can the question of its 'take-off' be visualised? It has become clear that, due to the pecuniary interest of the experts, the baby will not grow out of its 'babyhood', so that its dependence on external assistance for its very survival continues to grow.

The Fourth Five Year Plan estimates that aggregate external assistance, net of debt servicing, required during the Fourth Plan will be Rs. 1,850 crores. Since debt-servicing is estimated at Rs. 2,280 crores, gross aid during the Fourth Plan, of Rs. 4,130 crores is estimated to be a minimum necessity. Moreover, this minimum is calculated on the basis of export earnings increasing at a compound rate of about 7% per annum. ("India : 1970"). Even granting that the Indian planners' hopes on export earnings materialise, the gross aid needed for the Fourth Plan is more than the gross aid utilised in the Third Plan. The Third Plan utilised Rs. 2,868 crores, averaging Rs. 574 crores per year, whereas the Fourth Plan envisages external assistance of Rs. 4,130 crores, averaging Rs. 826 crores per year.

This so-called aid is nothing but new design of colonial exploitation, concealed but more up to-date, and more flexible. This is the latest method to preserve the doomed and moribund colonial system a change of forms and methods, resulting in much more excrutiating exploitation of the underdeveloped countries. It is no wonder that "President Nixon asked congress on Wednesday for a massive overhaul of United States" foreign aid programme and a step-up in military and economic assistance abroad....,*Foreign assistance is quite clearly in our interests as a nation', Mr. Nixon said in a special message outlining his proposed new aid system for the future*" (Economic Times, April 24 1971).

With India's increasing dependence on foreign assistance' the donors have stepped up pressure on India to revise her economic policies in the interests of foreign finance capital. The Clay Committee, which was appointed to study the American Aid Programme, after a lightening tour of the world produced in 1963 a report of utmost significance for countries like India. The committee was categorical is stating that "the United States should not aid a foreign government in projects establishing government-owned industrial commercial enterprises which compete with existing private endeavours" which firmly endeavours to implement the policy of further strengthening the hold of foreign private capital in India. As P. J. Eldrige in his book remarks "the U. S. is losing many of its inhibitions and [is] formulating far more active and positive views as to the needs and defects of the Indian economy, being prepard to suffer some political opprobrium in return for greater involvement in solving the more intractable economic problems." ("Politics of Foreign Aid" Page 35).

"Beginning with the Bell Mission report on behalf of the World Bank in August 1964, India has come under increasing pressure to revise her economic policies". ("Politics of Foreign Aid", Page 34)

To portray this increasing dependence on 'external aid,' which has become a 'great drain' on Indian resources, 'as a blessing in disguise', is an expostulation in "Crisis of India": "Rich nations do not generally lend or give money unless they can profit by doing so; they expect returns in the form of strategic involvement, political subservience or economic, advantages; and whatever their motives, they seldom lend or give enough to produce more than peripheral effect" (page 185).

How true the observations are! Our experience of 20 years has taught the lesson (of course, only to those who are willing to learn) that even though the Indian economy has heavily mortgaged itself, these heavy loans have had only 'peripheral' effects; 'self-reliant' economy is yet a long way off—not yet within sight.

External aid is an important mechanism of extraction of maximum profits. It accentuates international payments difficulties. It is a means for building up a market for their own goods. It aids the export of foreign private capital to control and dominate the dependent countries' production, exercising control over their economies. It is a means to obtaining a decisive voice in making economic and political decisions and realising neo-colonial designs in partnership with the compradore big bourgeoisie and in alliance with big landlords.

Such have been the dangerous results obtained by India. The so-called aid is nothing but a new design of colonial exploitation, concealed but up to date and more flexible. This is the latest method to preserve the doomed and moribund colonial system—a change of forms and methods resulting in much more excrutiating exploitation of the under-developed countries.

It is no wonder that President Nixon proclaimed that "Foreign assistance is quite clearly in our interests as a nation", asking the American Congress for a massive overhaul of the United States' foreign aid programme and a step-up in its military and economic assistance abroad.

While India's dependence on the Western donors continued to increase in dangerous proportions, China, on the other hand, had repaid all loans and bills by 1966. "China owed not a penny to anyone and was very proud of this state of affairs" (Han Suyin, "China in the year 2001", page 98).

Country-wise Aid

After the Second World War, a new method adopted by 'Big' powers, of controlling the economic heights in an underdeveloped country,

is through 'economic aid'. Since a maze of pretence, hypocrisy, and make-believe has enveloped this issue, a major effort is required to penetrate this smoke-screen of generosity through economic aid.

What is crucial is that economic development of the underdeveloped countries would be profoundly inimical to the dominant interests in the advanced capitalist countries. The ruling classes in the developed countries are bitterly opposed to the industrialisation of colonial and semi-colonial areas of the world. All leverages—of diplomatic intrigue, political subversion, and economic pressure—are set in motion, in the strategy to hinder the independent development of the underdeveloped countries.

In the strategy towards this end, the tactics of 'economic assistance' forms the most important part.

The following table shows the immensity of aid flowing from Western countries as well as from the Soviet Union and other 'socialist' countries.

(See Table on Page 65)

Aggregate External Assistance upto 1968-69

(Rs. Crocres)

Authorisations	Consor-tiums Members	of which U.S.A.	I.B.R.D. I.D.A.	Socialist countries	of which U.S.S R.	Others
1. Upto First Plan	303.6	213.6	57.2	64.7	64.7	13.5
2. Upto Second Plan	2152.4	1525.0	260.5	374.1	319.1	12.3
3. During Third Plan	2694.1	1285.7	135.7 275.8	171.4	105.8	32.2
4. 1966-67	1074.5	518.8	22.5 239.5	237.5	260.0	11.3
5. 1967-68	695.1	458.1	18.8	12.1	0.8	7.6
6. 1968-69	937.3	547.6	83.8	—	—	4.7
	7855.7	4551.8	1093.8	959.8	740.4	81.6

Notes: In addition to the above authorisations, debt relief in the form of rescheduling postponement, was provided as under :

		Rs. crores
Japan	1966–67 to 1968–69	59.5
Canada	1967–68 and 1968–69	1.2
USA	1968–69	6.6
IBRD	1967–68 and 1968–69	22.6
	Total	89.9

Source : Economic Survey 1969–70, Government of India.

The total authorisations of foreign assistance upto 1968–69 aggregated nearly Rs. 8,900 crores. Out of this, four countries and the World Bank have 'shared' the greatest 'burden' of assisting India during this period—U.S.A., U.S.S.R., West Germany, United Kingdom, and I.B.R.D.

External Assistance: Authorisation and Utilisation till 1968-69

(Rs. Crores)

	Authorisation	Utilisation	Per Cent of Utilisation over Authorisation
U. S. A.	5451.8 (51.1%)	4120.0 (54.2%)	99.5
U.S.S.R.	740.4 (8.3%)	425.7 (5.6%)	57.5
I.B.R.D. & IDA	1093.8 (12.3%)	993.7 (13.1%)	91.3
West Germany	589.6 (6.6%)	535.1 (6.9%)	90.7
Britain	549.9 (6.1%)	492.5 (6.3%)	89.5
	7525.5 (84.4%)	6572.0 (86.0%)	87 7
Total from all sources	8899.0	7597.4	86.4

Out of aggregate external *authorisations* from all sources, a little more than half is from the United States, and out of the aggregate total of *utilisation* more than 54% is from the United States.

The assistance to India from the U.S.A., is the largest it has given to any country and is the largest India has received from any single source. According to Chester Bowles, American ambassador in India, "Three-fifths of the foreign aid received by India has come from the United States"—including food aid. Of the utilised amounts, I.B.R.D., and I.D.A., which are almost under the control of United States of America, account for 13.1%. Therefore, America and the World Bank account for 67% of the total aid utilised in India. The next most important source is West Germany which accounts for 6.9% of the utilised aid. Britain and the Soviet Union account for 6.3% and 5.6%, respectively. It is clear that the aid utilised from the Soviet Union is extremely meagre when compared to the aid utilised from the other Western countries. But in the matter of authorisations out of the total aid authorised from various sources and countries, the aid authorised from the U.S.S.R., amounts to 8.3%, coming

next after U S.A , and the World Bank. Out of the aid authorised by the U.S.A., more than 99.5% was utilised by 1968-69, whereas only 57.5% of the aid authorised by the U S.S R. was utilised during that period. Therefore, it is clear that there is American domination in the export of finance capital to India, not only compared to any other single country but compared to the total of all other countries put together.

U. S. A. — The Biggest International Exploiter

The United States is the biggest International exploiter and is the mainstay of colonialism today. It is the chief bulwark of world reaction. It is extremely important that we understand the purpose of the foreign aid that the U. S. A., is distributing all over the world.

Long ago, Theodore Roosevelt, ex-President of the U. S. A., had exclaimed that "Americanisation of the world is our destiny". To that end, invisible dollar imperialism has been spreading its tentacles all over the world even before World War II. In the post Second World War period, with the collapse of the fascist countries, and with the weakening of Britain and France-America became the most powerful colonial country. Foreign aid constitutes the main lever of U. S., neo-colonialism. There is a lot of talk that American aid is for the purpose of development of the underdeveloped countries. But as D. A. Fitzgerald, a former high official in-charge of foreign aid, has clearly stated : "this was not the objective of all". In one of the reports of the foreign affairs committee of the U.S.A., it is admitted that :

> *"The most important reasons for economic aid is that nations are determined to develop. Only by participation in that process will we have an opportunity to direct their development along lines that will best serve our interests".*

To put it concretely, in an article *"The Domestic Dividends Foreign Aid"* (in Colombia Journal of World Bussiness, 1965), Mr. E Black says :

> *"Our foreign aid programmes constitute a distinct benefit to American business. The three major benefits are (1) Foreign aid provides a substantial and immediate market for U.S. goods and services; (2) Foreign aid stimulates the development of new overseas markets for U.S., companies; (3) Foreign aid orients national economies toward a free enterprise system in which U.S. firms can prosper."*

Thus the U.S.A., encourages the development of new local capitalist forces—whether in industry, trade or agriculture—provided they continue to depend upon American aid. The U.S. Government has always encouraged U.S., monopolies to establish themselves in those countries which guarantee their investment and super profits. Vo Nham Tri, a Vietnamese author has produced an interesting anecdote.

"Taken to task by some businessmen, who asked the Government to put an end to the chronic balance of payments deficit by reducing foreign aid and huge U.S. military commitments aboard, Charles E. Fiero, Director of the office of foreign Direct Investments of the U.S., Department of Commerce retorted, what would happen to our investments in the Middle East, for example, and the earnings and exports they bring, if the U.S.A., withdrew the Sixth Fleet from the Mediterranean ?."

The above answer has two important implications. (1) That the United States investments abroad bring to the U.S.A, large earnings. (2) To safeguard these investments, the United States is always ready to intervene in any country with its Army, Air Force and Fleet. The importance that the United States gives to its investments abroad can be seen from the above answer which the American official gave to the American businessmen.

U.S. (private) investments abroad, between 1950-and 1968, rose in Latin America from $ 4,576 million to $ 12,989 million, in Asia from $ 998 million to $ 3,645 million, and in Africa from $ 147 million to $ 1961 million. According to certain calculations made, the profit rate of U. S. direct private investments in the developing countries in 1951 reached 23.1% as against 14.3% in its own country. In 1960, the percentages obtained were 15.7% and 9.9%,respectively,and in 1968, 20% and 8.3% respectively.One can now understand why, according to Senator Church, the foreign aid programme *"has become a spreading monetary tree under which the biggest American business finds shelter when they invest abroad."* The aid programme provides above $ 1,000 million dollers of sales annually for American manufacturers, and gives U.S. shipping companies about one fourth of their total revenue from outward bound cargo. With dollor aid, India can buy goods only in the most expensive U S. market and the commodities must be transported in U.S. ships. The way in which the American ships fleece India can be seen from the following news item that appeard in Economic Times on May 25, 1969.

"The U.S., insistence on shipping fertilisers in U.S. bottoms, in terms of the decision that 50% of American fertiliser export financed out of U.S. aid should be carried under U.S flag," ...*"is likely to add to a substantial increase in freight costs on fertilisers to be shipped from U S., to India".*

"The freight rates from the U S., to India in American ships is $ 50 a ton of urea, in bags, and $ 6 to 8 a ton less, in bulk. The rates in non-American vessels are as low as $ 15 a ton, in bags, and $ 3 to 5 a ton less in bulk. The annual provision for transport costs for fertilisers from the U.S. and Canada is Rs. 30 crores. This will go up substantially if the U.S, insists on transporting 50% in its own ships."....."*U.S. packing charges come to $ 16 a ton compared with $ 7 to 8 in western Europe".*

We can now understand as to how costly U.S. aid is. We not only pay high prices for the goods purchased in the U.S., under the aid programmes, we also pay extremely high transport charges with other concommitant service charges added, and of course we pay an interest on the loan. As Lemin had said, aid is a double-edged weapon in the hands of finance capitalists to bleed the country to which aid is given.

This is why Dr. Valdes, the then foreign minister of Chile said to President Nixon (June 1969): "*Contrary to what we generally think, the result of U.S. private investment is that it is not South America which receives financial aid from North, but it is South America which contributes to the development of the U.S A.*" This remark is doubly true in relation to the U.S, in all its forms. The question arises, '*who aids whom?*'.

World Bank : American Aid in Disguise

Besides the economic levers which America uses directly, it has increasingly resorted to international financial organisations to probe and penetrate the Third World, to hide the face of the ugly American whose image is becoming very much tarnished all over the world. Such international financial organisations as the World Bank, International Finance Corporation, International Monetary Fund, Asian development Bank etc., are nothing but semi-official American organisations, even though quite a number of other countries too are members of these financial bodies. In these bodies, the U S.A plays a dominant role on account of its economic power.

Let us now examine the conditions of the World Bank for granting loans and credits. The World Bank, before granting a loan, is authorised to make thorough investigations of the general economic situation of the country which applies for a loan, even though the loan may be only for a specific project. A special committee is sent to that country, not only for enquiry on the spot in relation to the project for which a loan has been applied, but also for economic espoinage. After the loans have been granted, the World Bank continues to follow closely not only the economic but also the political evolution of the debtor country, by periodically sending an invstigation committee to the country.

For example, The World Bank has been preparing a report on the economic and political conditions of our country, year after year, from 1957; and a committee of the World Bank is in permanent session with the economic department of the Central Government before the budget is presented to the parliament. In our own country, there is a permanent mission in existence, to advice on various economic problems and to co-ordinate aid from various Western countries and international financial organisations. Thus the World Bank constantly and consistently intervenes in the internal affairs of the aid-receiving country.

U. S. Aid and India

U. S. Assistance has taken three forms 22% in grants which require no repayments, 32% in mainly low-interest loans repayable in dollars over 40 years, and 46% in loans repayable in rupees.

The U. S. will not utilise these rupees to import goods from India. The giving of aid is an excuse for the U. S., to adopt such policies which restrict India in her efforts to develop the economy on the basis of exporting to the vast and expanding markets of the U. S Furthermore, aid in the form in which it is given at present, involves inefficiency and the real aid received is far less than the nominal aid made available. Recent investigations have shown that prices paid for commodities under tied aid have been as high as 40% to 50% of the international market prices. Dr. Mahbub ul Haq of the Pakistan Planning Commission shows that, in respect of commodities from the U. S., under non-project assistance, the U. S., prices were 40% to 50% higher than international prices of most iron and steel products. Another set of data show that freight on U. S. Flag ships under tied credits is 43% to 113% above the lowest quotations on international bidding.

In an article in Economic Times on August 13, 1970, A. K. Essack writing about the "Growing gap between the rich and poor countries, despite all the aid given by donor countries", remarks that the aid "invariably carried a stipulation that goods and services should be obtained from donor countries and these were given at high prices. The private companies of the donor countries thus made huge profits, while the developing countries were saddled with debts which they cannot meet". Thus the aid was funnelled along channels that benefitted foreign finance capital to the permanent detriment of the under developed countries. The question thus constantly arises, 'who is aiding whom ?'.

Under the deceptive smoke screen of sentimental harangning for propaganda, purposes that "it is right that the wealthy should help the poor emerge from hunger" as President Johnson put it, or as President Eisenhower said in his address to the Indian Parliament that America "pursues no programme of expansion in commerce or politics or power of any sort at other peoples' expense", American finance capital has stepped up its pressure on India to get things done in its own way, at India's expense.

The greater the aid, the greater will become the dependence of aid-receiving countries. The greater the dependence, the tougher will be the attitude of the donor countries to the aid receiving countries. This tougher attitude is reflected in the suspension of all aid to India in 1965 at the time of the Indo-Pakistan war.

The following information provided by U.S. President Lyndon Johnson, clearly reveals the tough gangster methods adopted by U.S. imperialism. In the course of his memoirs as President of the United

States, he records an incident which was humiliating to India. In trying to put pressure on the Government of India, to adopt a change in its policies, he used foodgrain deliveries as a lever. He says:

"My first action was to put the food aid on a short-term basis. No one would starve because of our policies. India would receive the grain needed but on a month to month basis rather than a year to year basis." His objective, in his own words, was to "persuade" New Delhi to give up its "folly" of developing a major industrial base "at the cost of agriculture".

"What we called the 'short tether' policy", he adds in a particularly revealing paragraph, "was profoundly unpopular among India's leaders...[but] fortunately a handful of officials in New Delhi were pressing ...for exactly the kind of changes I felt were necessary. One was the capable Indian Minister of Food and Agriculture Chidambra Subramanyam."

This is a most revealing, shameful, incident to any honest and patriotic Indian. Times of India, in its 'Current Notes', comments that "the burning himiliations that the Indian Government should have felt, but evidently did not, in receiving from him a gift of 10 million tons of grain in small monthly driblets", should surprise none!. Can the beggars have any sense of shame to feel humiliated?

At this point, it is as well to remember that the Indian Government did indeed change its policy, and it gave such importance to agriculture as was demanded by the President of America, so that today we are receiving hundreds of crores as loans for agricultural development from the International Development Association, for every state, separately. This is how aid is used for improving the market for the developed countries in underdeveloped countries. For through this aid for the development of Indian agriculture, India has agreed to purchase tractors, combines, fertilisers and such other necessary material for furthering the 'green revolution'.

Let us now quote another example as to how American aid is being used as a political weapon. Mr. M.V. Kamath, writing from Washington to the Times of India of November 19, 1971, reports the following: "A classic instance has been chronicled by the former U.S. ambassador to Delhi, Mr. Chester Bowles, in his autobiography "Promises to keep." Because India would not come to heel-especially on the Vietnam question-President Johnson held up authorisation of food shipments till the very last moment.

> *"India's harried officials and our own harried mission" writes Mr. Bowles "were kept on tenterhooks ...This placed the Indian rationing system under an almost impossible strain...even the delay of a few days in ship departures from American ports was reflected in the most tragic terms in drought-ridden areas".*

When Mr. Bowles remonstrated that the Indian Prime Minister was only saying about Vietnam what U-Thant and the people had said over and over again, the reply from one official was : "the Pope and U-Thant did not need our wheat".

"It is this use of aid—to browbeat the nation—that is now being resented even by certain thoughtful Senators. According to Senator Church, all that was sought was to buy political influence and ensure a favourable climate for American investments."

Even in the case of the Indo-Pakistan war in 1965, accord- to Eldrige *"When the fighting ceased, America did not resume aid, except for some emergency food shipments, until April 1966. Even the Tashkent agreement did not prove sufficient to allow the resumption of aid on the original terms. The United States has been particularly anxious to shift emphasis of Indian planning towards agriculture ...* The draft outline of the Fourth Plan substantially reflected such a new emphasis on agriculture". (*"Politics of Foreign Aid", page 38.)*

The Government of India has been persuaded —

"to sanction new ventures in the private sector in the fertiliser industry with majority foreign capital, mainly American, together with relaxation of controls over industry. This was a dramatic move indeed, since fertiliser development was laid down by the 1956 Industrial Policy Resolution as predominantly the preserve of the public sector.

"During 1965 and 1966 intense pressure was built up from both sources, [U.S.A. and the World Bank] especially the Bank, for rupee devaluation, as a measure of economic reality and as an inducement to liberalisation of aid.

"the United States will expect to take a far more active part in formulating domestic policies. This new approach might well be described as one of payment by results". (Politics of foreign aid—*page 35).*

The greater the dependence on external assistance, the greater the submission to the donors. The master knows the needs of the slave much better than the slave himself. It is for that reason that American aid policy believes in taking a 'hard line'. 'Payment by results' is the typical formula of the bourgeoisie in its dealings with the workers. It is the master that judges the results, he is the one that decides on the results, and he is the one that decides on the measure of payment. The master pays only that much as would give him super profits and super power. Therefore, the master assigns only that duty to the subordinate, which can ultimately benefit the master. That is the stage to which India has been brought, in the course of 23 years of so-called 'sovereignty'

The American finance capital gleefully announces through John P. Lewis—Minister, Director of US Aid Mission in India—that

"aid comes wrapped in a host of regulations defining where, when, and how, it can be used. These often seem onerous.... Its shape reflects the interests and opinions—the conventional wisdom, if you will—of the American people as structured and articulated by the American Congress.

"Our strong notions of where India's self-interest lies sometimes prompts us to relate our aid specifically to Indian measures we believe are sound."

(Commerce, *'Indo-US Co-operation Survey' 1968.*)

Therefore, it is not India that shapes the purpose of the aid—not even as to where, when, and how, it would be spent. It is the American Congress and not the Indian Parliament that directs, decides the quantum and structure of aid. Naturally, as John P. Lewis succicently and pithily expresses, "its shape reflects the interests and opinions" of American finance capital.

John P. Lewis enthusiastically enumerates the great dependence of the entire Indian economy on American aid. It is clear to him and his master, the US finance capital, that the Indian economy can be disrupted at their wish. He knows that the Indian productive system is so completely dependent on them that they can dictate their terms. He says that the basic character of American aid is residual—"a source that has stood ready to plug the gaps". This residual role is really the core. For, "it puts a premium on our reliability. If the ready reserve one expects to throw into the breach disappears, one's whole battle plan may be threatened."

It is not only through foreign exchange aid that America plays with the Indian economy. For, America controls more than Rs. 2,000 crores of Indian currency deposited in the American account in the Reserve Bank of India. No sovereign country anywhere in the world has ever allowed a foreign government to gain an upper hand on its own currency, thereby giving that country hegemony over its own budget.

"Moreover" John P. Lewis explains, "the foreign exchange resources we supply are vital to the whole development effort. When they are curtailed the disruptive effects spread throughout the economy rather than—as in project aid—being confined to particular sectors and regions".

Even a sympathetic research scholar of India's economic relations with donor countries P. J. Eldrige was forced to conclude, though in soft terms, that India "may prove less capable of withstanding American pressure for involvement in determining her major economic priorities and strategies. Such an approach may take the United States far beyond the field of economic planning *per se*". "Already many basic assumptions" of planning "in many cases are being quietly set aside" by the Indian ruling class. Involvement of foreign finance capital and foreign governments, naturally increases with the magnitude of aid.

One Chilean political scientist, after looking back on the 10 years of American investment aid exclaimed: "if that is what one decade of development does for us, spare us another. Foreign aid has been used, not to develop us but to achieve the political purpose of the donors, to smother us in debt, and to buy up our most dynamic productive assets..

Thus the octopus grip of American finance capital on the Indian economy has grown in dimensions to extreme danger, subordinating the Indian economy to international finance capital.

U. S. Aid : Agricultural Development and Agricultural Commodities

The purpose of Western aid is mainly to develop the infrastructure of underdeveloped nations, to help the growth of foreign capital investments in these countries. Therefore, a clear pattern is established. Public sector loans are for Railways and other transports and communications, power, and irrigation. Private sector loans are mainly for private industrial development. The following tables show the aid pattern of the U. S. A., the World Bank, and the International Development Association :

(1) Percentage Distribution of American Aid :

Railways	3.8
Power and Irrigation	7 0
Transport and Communication	1.1
Industrial Development	15.0
Steel and Iron ore	1.8
Wheat loan	55.9
Health, Agriculture, Social educational, etc.	5.3

(2) Percentage of Aid Purpose-wise from I. B. R. D.

Railways	44 6
Power and Irrigation	10.8
Port developments	7.6
Transport and communications	0.7
Agricultural development	0.8
Industrial development	14.7
Steel	20.8

(3) Purpose-wise Assistance from I. D. A.

Railways	26.7
Power and Irrigation	11.5
Transport and communications	27.8
Port developments	3.7
Industries	18 6
Agriculture	11.7

From the above tables the poetern is clear. A higher percentage is devoted to infrastructure projects Power, transport, port development etc- without the development of which private industries cannot be established, Nearly 64% of the World Bank loans, nearly 70% of the loans from International Development Association, and nearly 75% of loans from the U. S. A. (including the wheat loan), are for railways, power and irrigation, transport and communication and foodgrains, agricultural development · Industrial development has received 14.7% from I. B. R. D., 18.6% from I. D. A , and 25% from U. S. A. Out of the total aid given by these sources for industrial development almost all these amounts have catered to private sector. In general, since the infrastucture projects are not profitable investments in the private sector, they have to be taken up only by the State at the cost of the people, so that private investments can concentrate on the profitable lines of investment.

Of, late, I. D. A., the World Bank, and the U.S. A , have been pressurising all the underdeveloped countries to concentrate only on infrastructure and agricultural development.· India has fully fallen in line. The Fourth Plan has already been turned to American wishes. I. D. A. has started giving plenty of loans for agricultural development. Let us now see the role of America in the development of agriculture and how it has tried to benefit from it.

US Aid: Agricultural Commodities

It was in 1951 that the US made its first move to 'aid' India. This was a loan of Rs. 1 12 28 crores to finance purchase of 2 million tons of wheat, to meet an emergency food shortage. The necessary legislation for this aid showed the dangerous fangs of American imperialism ready to devour indian Independence and sovereignty. 'India's Emergency Food Act, 1951', which was passed after a bitter debate in the American Congress, laid down that "the administrator is directed and instructed that, in his negotiations with the Government of India, he shall, so far as practicable and possible, obtain for the US the *immediate and continuing* transfer of substantial quantities of such materials, particularly those found to be strategic and critical". The reference as in regard to 'monazite sand', which contains thorium, vital to America's atomic energy programme. The very first request by India for aid, resulted in a principle being attached

to an aid bill "which constituted a challenge to India's concept of sovereignty". ("Politics of Foreign Aid", Page 31.)

Starting in such an inauspicious atmosphere, indicating even at the earliest stage the onerous conditions to be attached to the 'aid', the Government of India nevertheless entered into a series of agreements for the supply of agricultural commodities, mainly wheat, but including also cotton, tobacco, soyabean oil, etc.

Under USPL 480 law, beginning with the first sales agreement under commodities, thus transferred, the debt now stands "at about Rs. 3,150 crores" writes Herbert B. Spivack, Minister Counsellor for Political Economic Affairs at the American Embassy in India (Commerce 'Indo-US Co-operation', November 30, 1968). Total U.S economic assistance to India, which was Rs. 6,450 crores, included foreign exchange loans, development grants, and agricultural commodities.

Let us look at P.L 480. In 1954, the U.S. Congress, under Public law 480, established a system of providing the underdeveloped countries with its surplus agricultural commodities especially wheat. India became the biggest market for the U.S , through this scheme, to dispose of surplus wheat. P.L 480 aid represented 55.9% of the total aid supplied to India upto 1965. This system of aid provides the American government a firm hold on Indian currency, since the grain sold in India, should be paid to a special account known as 'counterpart funds'. The accumulation of surplus by the United States allows American imperialism a lot of leverage to interfere in the economic and political affairs of the country, since America has the "right to spend these funds as she wishes" (Eldrige : "Politics of Foreign Aid", Page 116).

P L. 480 aid has been used to pressurise India on various economic and political issues. "All aid involves dependence, and this particular form of aid is deeply wounding to India's national pride, and gives the United States immense leverage" (Eldrige : Page 117).

P.L. 480 aid was successfully used to change India's policy of IV Plan to give weightage to agricultural production. To help agricultural growth, fertiliser production has to be increased. "To this end, foreign capital has been offered an open door with no controls on price and marketing other than undertaking to sell 30% of output to the government at an agreed price" (Page 116).

Government of India had announced, with fanfare, that from 1972 onwards there would be no more need for P L. 480 *wheat* to India. This however, does not mean that P.L. 480 would not be used by India in future. Scarcity of cotton and edible oils for our industries would step up the need for future P L. 480 aid.

P L. 480 funds have been used for successful establishment of American industries in India by direct loans to the private sector from Cooley funds, created out of the accumulation of rupees credited to the

American account. These rupee counterpart funds have been used also to influence the Indian financial institutions, by allotting these rupee funds to them along with foreign exchange. American companies, with this help, have outgrown the British in the industrial field in India.

There is no department of the Indian economy, or of Indian social life, or government administration, which has failed to receive the generous aid of American assistance. In a mood of self-congratulation, John P. Lewis of US Aid Mission in India, expostulates on the "quality and quantity of aid extended to India". He was happy of several 'firsts' which Americans have achieved in India-such as "first to give non project loans; first to introduce soft loan terms; first to extend large amounts of aid for fertiliser". Not satisfied with the firsts, he further goes on to say that: "I could cheerfully expand on the cogency of our limited but carefully focussed technical assistance programmes in such fields as agriculture, scientific and technical education, and more recently family planning", but unfortunately for him, "space" restricted his ebullient enthusiasm.

Another American official, representing political and economic affairs at the American Embassy in India, Mr. Herbert B. Spivack, informs the grateful Indians that:

> "*American assistance in the form of loans, grants and technical aid* is represented in almost every aspect of Indian life *from river basin development to malaria eradication, from massive hydroelectric projects to aid to small business. Especially noteworthy at the present juncture is our aid to India's efforts to increase food production*"

Not only has it supplied fertilisers worth Rs. 375 crores till 1968, under US Aid programme, but American scientists of Ford and Rockfeller foundations and US Agency for International Development hopped all the way to India to teach the illiterate and uncultured, medieval Indians the technique of agricultural production. It is extremely difficult to survey and characterise, in full, such a multifaced aid programmes for agricultural development.

"A Directory of US Assistance to India's Economic Development", published by Span in February 1965 provides a glimpse of this massive programme which includes: Rs. 8.73 crores to agricultural universities, colleges, and agricultural research stations and institutions; Rs. 66 lakhs to animal husbandry including numerous state and regional poultry farms, cattle breeding farms, milk production centres and so on and so forth; Rs. 49 lakhs for soil-testing laboratories all over India and to encourage farmers in the use of fertilisers; Rs. 1.38 crores for expansion and modernisation of marine and inland fisheries; Rs. 10 lakhs for training in the use of tractors and other agricultural machines; Rs. 14 lakhs for traingt-Indians in research in agricultural economics; Rs. 13 crores to creain modern storage of foodgrains; Rs. 23 lakhs for the survey of water resoure

ees and construction of minor irrigation works; Rs. 63 lakhs for crop protection; Rs. 4.32 crores for dairy development; Rs. 6.94 crores for soil and water conservation; Rs. 26 lakhs for soil research and desert afforestation; and finally, to organise and educate the farmers, the benevolent American imperialism has spent for farmers' organisation Rs.13 lakhs; for co-operative membership education Rs. 4 lakhs; for agricultural extension Rs. 1.26 crores; for agricultural information Rs. 18 lakhs; and to crown it all for mass rural community development Rs. 6.43 crores. According to this "Directory of U S. Assistance" published in 1965, Rs. 400 crores were spent for development of agriculture including assistance to river valley projects, fertilisers, iron and steel for agricultural purposes, plant protection and locust control, and ground water irrigation and exploration.

It is really a wonder of rhe twentieth century that a country of India'a size has sought; and received, such massive assistance in the name of agricultural production, and that such aid is growing as time passes. When once aid starts to flow, the flow cannot be stopped!

Therefore, by 1968, according to 'Indo-U S Co-oparation A Survey' published by Commerce, November 30,1968, "U.S foreign exchange assistance for Indian agricultural development exceed Rs. 450 crores, including fertilisers. The U. S has also extended loans and grants totalling Rs. 583 crores from PL 480 sale proceeds". The total aid from the U. S., for agricultural development in India, upto 1968, exceeds Rs. 1000 crores.

This survey points to certain 'expertise' aid to India.

> *"Some 30 experts, with experience in dealing with agricultural problems, of the U S and several other countries, are working with Indian experts in six states to help boost foodgrain yields, participating in field production teams dedicated to first-hand studies and practical problem-solving techniques".*
>
> *"Since 1952, 1,700 Indian teachers in agricutulral and veterinary colleges and offieials of the Central and state Agricultural Departments have received advanced training in the United States. Also, during the same period, more than 400 American agricultural scientists and other specitalists have served in India.*
>
> *'Exclusive to those working in food production teams, nine American experts in soil and water management are at work in India."*

Even after such massive invasion of India by Agricultural experts, unprecedented in the history of world technical co-operation in any field, India's progress in agriculture is nothing to boast of - except that we can brag about "1,700 Indian teachers" having had a tourist holiday in America to learn the "American way of life".

After this tourist traffic both ways, it has been found imperative

that, to maintain the growth rates achieved so far, greater agricultural aid from U. S. and US-led international financial organisations like the world Bank, should continue.

As noted earlier, every aspect of agricultural life has been receiving aid for full 20 years now. Among these are: agricultural production, fertiliser supply, agricultural universities, water resources development, improved seeds, package programme, agricultural research, etc.

Other than the U. S., other countries have supplemented the aid for agricultural production. For example, four demonstration farms were established since 1962, to experiment in Indian conditions with Japanese intensive agricultural methods.

("Politics of Foreign Aid" Page 16.)

The Soviet Union helped in 1956 to establish a large mechanised state farm in Suratgarh to act as a demonstration project. The Soviet Union signed another agreement with India in 1964 on assistance for organising another large mechanised state farm on 21,640 acres in the Jessore area. Thus it was not only America and other Western countries that are trying to help India achieve the 'green revolution'; so also is the Russian government. What is the significance of these efforts to increase Indian agricultural production ? Ulyanovsky asserts that the development of large state farms and agricultural co-operatives will lay the basis for freeing India from foreign dependence in a major field of the economy.

("Dollar and Asia", Page 208.)

Does the development of large state farms and agricultural co-opratives in the midst of a feudal, landlard, economy lay the basis for increasing agricultural production ? No. On the other hand, these state farms, and demonstration farms, and agricultural universities, only help to demonstrate to the feudal landloards in India as to how mechanised, scientfic, agricultural development can be adopted by them in their own interests.

Here, then, is an instance of collaboration between U. S., finance capital and Soviet social imperialism both-of them interested in maintaining the status quo in the interests of and for strengthening the landlordism in the countryside. In fact, the establishment of a technical base by American imperialism through aid to agricultural universities, research stations, seminars, farmers unions, and such other activities-supplemented by the Soviet revisionists-through their Large-sized state farms has only helped to divert attention away from land reforms and towards a technically-based agricultural development.

This reorganisation of technology and economics of agriculture can only further the progress towards establishing large, highly efficient, farms in the private sector. This is exactly what American imperialism has been striving for, in the interests of its own industries. It will help increase the sales of tractors and other agricultural implements, which are produced in India by foreign companies and which are imported from foreign sources.

Later, we will discuss the actual significance of the aid that is now being given to India in hundreds of crores of rupees for the so-called development of agricultural production, suffice it now to say that, on the fascile plea of *"freeing India from foreign dependence in the major field of economy"* by providing food to the people and increasing agricultural production in all fields, the Soviet social imperialists have prepared the ground for strengthening the landlord economy in the country and western imperialists have done so for the sale of their agricultural machinary to reap super profits.

Having received immense foreign aid for agricultural development till 1968, the dependence of the Indian economy on foreign assistance for further agricultural development has inevitably increased. To add to the increasing appetite for foreign aid, *"the US has been particularly anxious to shift the emphasis of Indian planning towards agriculture"* ("Politics of Foreign Aid", page 35). The same anxiety was evident in the case of the World Bank and its associate stroke branch I. D. A. on a world-wide basis, including India. After 1968, World Bank loans for agricultural development to underdeveloped countries began to show a particular rise. The following chart, would show the details of the World Bank/I D. A. loans on a world-wide scale.

Bank/I. D. A. Commitments by Purpose

Millon

	1964/68 Average Per Year	1969	1970 spread out
Agriculture	124	267	413
Education	31	82	80
Public services (transportation)	362	475	661
Public utilities*	377	485	654
Industry**	141	241	293
	1035	1550	2101

Notes *) Items in public utilities include electric power, telecommunication, water supply, sewerage.

**) Excludes industrial imports credits.

Source : Economic Times; Research Bureau : September 10, 1971.

From the above table it is clear that agricultural loans to under developed countries from the International Development Association has been growing faster than its loans to industry. As a matter of fact, the agricultural loans which were a meagre $ 124 million out of total loan of $ 1,035 million between 1964 and 1968, in 1970 alone-i.e, within one year-amounted to $ 413 million out of the total loan of $ 2,101 million which

the I. D. A. disbursed. This change in tactics was being propagated by the U. S. A. for quite a long time for all the developing countries.

The World Bank and the United States Government have been particularly anxious that Indian planning should shift its emphasis towards agriculture. Beginning with the Bell Mission report on behalf of the World Bank in August 1964, India has been under increasing pressure to revise her economic policies. In the name of consolidating the already existing industrial projects. American imperialists have been insistent on the complete re-orientation of Indian planning. The Government of India had already conceded the point by postponing the Fourth Plan by three years at the request and recommendation of the World Bank and the Western powers. The Draft Outline of the Fourth Plan substantially reflected such a new emphasis on agriculture. Mr. C. Subramaniam, after he was made Planning Minister, made it clear in his firtst press conference in 1971 that the plan approach would have to be further changed to re-orientate the plan strategy to wards modernising agriculture, more than had been done in the already published Plan.

With this new emphasis on agriculture, assistance to India from I.D.A. reached a new peak. During the fiscal year ending June 1970, India received nearly 171 crores of aid from IDA. "IDA's commitments included its first agricultural credit for projects in Gujarat and Punjab" (Economic Times, September 10, 1970). Begging missions of devotees have started on pilgrimage, from all states, to the mighty citadel of the goddess of world finance capital—the World Bank. Mr. P. W. Damry, Chairman of Agricultural refinance corporation, is happy that the devotees are receiving the blessings of the Almighty— the first recipients were Uttar Pradesh ($ 13 million) Gujarat ($ 35 million), and Punjab ($ 27 million)—totalling nearly Rs. 60 crores which includes farm development machinery and processing plants for the Terai region, 2000 tractors for Gujarat projects, and 8000 tractors for Punjab projects. (Economic Time September 29, 1970). Economic Times of September 25, 1970, reports that the World Bank is likely to provide financial assistance worth Rs. 45 crores for agricultural development to Tamil Nadu and that already Mr. C. H. Walton, leader of the World Bank team, had investigated and appraised the project. Mysore, not to be left behind in the queue has submitted a project report to the Central Government to be presented to the World Bank, estimated to cost Rs. 83,65 crores, Economic Times, September 22, 1970. Statesman of November 16, 1970, reports that a World Bank team visited Chandigarh to examine Haryana's request for a loan of Rs. 55 crores to purchase 10,000 tractors and for land development.

Seeking international aid for all kinds of sundry tasks, has become so commonplace for the last 15 years, that it is disgusting and nauseating to record all of them. Not only the Central ministers but also the state ministers have thought it fit to wait at the doors of the alms-givers. to

obediantly report to them on 'progress' made in their states, and to 'impress' upon them the urgency of rushing further aid. One such extra-ordinary exercise seeking help for every conceivable project, is the unprecedented tour of the Chief Minister of Maharasthra in October 1970, as reported in Economic Times of October 31, 1970.

The Chief Minister met Mr. Hoffman, Administrator of UN Special Development Fund and appraised him "of Maharasthra's 15-year perspective plan" and sought assistance, "to conduct air-borne surveys of Vidarbha and Konkan regions to locate mineral and other sub-soil resources".

He had a meeting with the world Bank Cheif. Mr. MacNamara in Washington and "impressed upon him the urgency of rushing aid for early completion of Vaitarna and Batsai projects for augmenting *Bombay's water supply*, giving assistance for *express highways and roads* to spur the development of the Bombay—Poona industrial belt, helping a *number of state irrigation and land development projects*, and also the *Koradi power project*". Mr. Naik dutifully reported to him on "the operation of small-holders blocks and the integrated area schemes, collectively known as the Page project".

Furthermore, "The World Bank President and the Special Assistant manning the India desk were told that the Maharashtra example had proved that the education cess, yielding Rs. 5 crores over a year, coupled with other levies on cash crops, were far more lucrative and simple to operate than the cumbersome income-tax, which would hardly fetch a revenue of Rs. 2 to Rs. 2.50 crores per annum".

Having reported on the economic situation to the satisfaction of the World Bank Chief, the Chief Minister braced himself to meet the cream of American monopolists, bankers, industrialists, and others, to report to them on the Indian political situation.

Economic Times further reports that "Mr. Naik participated in a business luncheon meeting, convened by the Indian Investment Centre, which was attended by leading US bankers, oil interests, and other representatives of Rockfeller foundations". He assuaged their political fears about growing political, economic, and social crises and told them that they were being fed with "over-playing of political developments in India, especially in states like West Bengal and Kerala"

What an undignified, slavish, behaviour by one of the political representatives of the compradore bourgeoisie and semi-feudal landlords towards their masters—the international finance capital.

Can Andhra Pradesh lag behind in this race ? The 'green revolution' has taken hold of the Northern wheat-producing states thanks to the beneficent role played by the semi-feudal landlords in co-operation with the Western package technique of mechanisation, hybrid seeds, irrigation, ferti-

lisers and pesticides. The Government of India has finally agreed with the messiah, the World Bank, that the strategy for development of underdeveloped countries should be founded on priority being given to the agricultural sector. This design for development, finalised more than a decade ago by the then chief of the World Bank, Mr. Eugene Black, with persistant pressure, has been recognised by the under developed countries as the panacea for all ills, along with another latest design 'family planning'

Therefore, Andhra Pradesh, too, has fallen in line Economics Times of Novemqer 2, 1970, reports that "*arrangements for loan assistance from the World Bank for certain agricultural development projects in Andhra Pradesh will be finalised in November in Washigton*". Out of these development projects, 55,000 farmers in 88 taluks of 18 districts will be benifitted. The following are the main features of the great plan for the agricultural leap to be enacted in the Fourth Five Year Plan, in Andhra Pradesh.

Nagarjunasagar. ayacut development scheme :	88,000 *acres*
Pochampadu ayacut development scheme :	46,000 *acres*
Development of minor irrigation	
Tubewells :	1,800
Dugwells :	14,000
Renovation :	5,000
Supply of tractors :	1,500 to 3,000
Oil engines :	7,700
Electric motors :	12,000

The Economic Times of December 25, 1970, further reports that "the total cost of the project is estimated at the equivalent of $ 45 million. The IDA credit will finance the foreign exchange costs of £ 7.1 million, and about $ 17 3 million equivalent of local expenditure.

Thus international finance capital has programmed for massive invasion of rural India, in the coming five years, in the shape of aid to boost agricultural production. The new agricultural strategy of boosting production, through intensive cultivaiton propagated through developmental activities such as extension services, community development projects, intensive agricultural development programme, intensive agricultural area programme, and so on-has created a good foundation for imperialist penetration through aid. This is a strategy for developing an immense market for their industrial goods. It is an important factor to fight growing unemployment and recession in the Western capitalist countries, and thereby throw the burden of their economic crisis on Indian shoulders.

As early as in 1959, Francis D. Wilcos, Assistant Secretary for

International Organisation Affairs under the Eisenhower Administration, expanding on "why we should help the underdeveloped areas with our skills and capital" had explained that the economic development of the U. S. itself would be held back unless external ties were expanded. The aid, he reasoned, provides employment in aid giving countries through expansion of trade It expands foreign private investments in aid-receiving countries. The U. S. A. cannot ensure the supply of essential raw materials, e. g. Indian mica-for its industry without offering aid to India

In 1961, Douglas Dillon, Secretary of the Treasury in the Kennedy Administration, explained before the committee on Foreign Affairs of the House of Representatives that :

> *"In 1960, American export, financed by all of our foreign economic programmes accounted for nearly half of our export surplus. The fact that foreign assistance has been largely accompanied by an outflow of American exports is not understood by those who hope to cure our balance of payments deficit by curtailing foreign economic assistance. Nevertheless, for such time as our international payments situation requires, our objective will be to assure that at least 80% of our foreign economic assistance will be spent on US goods and services."*

Added to all these reasons, there is of course the general reason and implicit condition that comprehensive information be granted to them about the situation within the country which means that economic and political intelligence should be allowed to be gathered by them.

The Nehru-Indira Governments which have ruled this country since 1947, almost without gap, have opened the floodgates for massive inflow of foreign finance. Talks of land reforms as a psychological sop to the landless labourers and poor peasants, on the one hand, and material assistance to the landlords to strengthen their hold on rural life through political institutions like panchayat raj and economic assistance to provide them with water, tractors, hybrid seeds, pesticides, electric motors, and other agricultural implements, on the other, has been the double-faced policy, of these governments. This agricultural policy will further lead to concentration of production in the hands of the semi-feudal landlords, superimposing 'capitalisation' of agriculture on semi-feudal relations, by introducing specialisation, and modern methods, machinery, and draught power, resulting in the further propagation and multiplication of rural slums.

This policy of utilising modern farming techniques, most of which are applicable only under conditions of large-scale farming, reflects primarily a solicitude for the interests of Western monopoly capital, and not for the peoples inhabiting underdeveloped countries. Professor Paul A. Baran remarks that "this has been stated so frankly in an important government document.... that the relevant passage should be cited at some

length". He quotes from a report to the American President on foreign economic policies, known as 'The Grey Report', Washington, 1950, which states American policy without mincing words, without the use of diplomatic language, in the most brutal form.

> *"The potentialities and problems of the underdeveloped countries and the* nature of our interest in their economic development *indicate the character of development programms that we should support... For countries with resources (like America) that can be developed to meet a profitable world demand, this may be the most efficient way of obtaining additional goods ... The main requirement, in most cases, is for development which will improve agricultural production. Development along these lines must be balanced with expanded facilities for industrial production, at the outset, especially in light industries producing consumer goods, ... The United States will have an increasing need for raw materials, particularly minerals, as domestic resources are progressively exhausted."*
>
> Quoted in **"Political Economy of Growth"** by Paul A. Baran, page 303.)

It is quite obvious that *"such a development policy is calculated to preserve the underdeveloped countries as sources of raw materials for the imperialist West and thus to perpetuate their state of economic, social and political backwardness."*

Baran", Page 304.)

Therefore, it is clear that the imperialist policy of improving agricultural production in underdeveloped countries, is only to develop a profitable demand by the underdeveloped countries for obtaining additional goods necessary for agricultural development. This would create, as the Grey Report formulated, *"a profitable world demand"* for goods which can be obtained only from industrialised countries like America who have the resources to meet such a demand.

Another result of this policy would be that, with the strengthening of landlordism in the country side the social tensions which have been growing between the haves and the have-nots will intensify, creating bitter struggles between the landlords and the downtrodden agricultural labour and poor peasants in all walks of life; Economic and Political.

Western Aid and Indian Industrialisation

In its issue of August 28, 1958, Capital, the economic journal of British finance in India, garlands Soviet aid with the choicest flowers of praise, for blazing with vigour the path of subtle penetration of imperialist monopolies into the Indian economy (especially in the industrial field). Capital, as early as in 1958, commented that "*under the stimulus of American fears of Russian enterprise in Asia and Africa, they [the Americans] are determined to face up to some of the real problems of lending cheaply and efficiently to backward and temporarily insolvent countries such as India.* We should make a sign of gratitude to Soviet Union *whose activities have brought this day nearer*"

This was the period when the Soviet Union and other East European countries began to underline their acceptance of the social and political *status quo* in India. The first Russian credit was granted to the Hindustan Gas company in the private sector in India. In March 1956, Russia offered technical assistance to the overwhelmingly private-owned coal-mining industry. In the course of 1956, Czechoslovakia supplied loans for three sugar refineries and steam power plants in the private sector. It was during this period that the Soviet Union also came to an agreement for the establishment of heavy machinery, coal mining equipment, and steel plant. Thereby, the Soviet Union, offering its technical and financial assistance both to the private sector and to the public sector proved its *bona fides.* to the Indian bourgeoisie, showing that it stands squarely for the maintenance of the *status quo* in India. It was the period when India was facing a serious foreign exchange crisis. It was at such a time as this, that Capital, Journal of British finance in India, paid the above glorious tributes to the Soviet Union for playing the role of a catalyst to funnel ever greater Western aid into India.

Ulyanovsky, the Soviet academician, confirms the high hopes of foreign finance capital by expressing satisfaction at the powerful impact of Soviet aid, "in compelling the imperialist powers to reshape their economic relations with the newely independent countries enabling the latter to some extent to *escape* the former imperialist

forms of exploitation" (page. 175) and, further, he expresses exhuberant triumph at the way in which "the credits extended by the socialist countries are *exerting a telling influence* on the aid of the imperialist States to India. By supplying India with means of production on account of their credits the socialist countries *have undermind* the former monopoly position of the imperialist powers in the Indian machinery market. Although foreign capital continues to utilise India's difficulties in industrialisation and tries to hamper her advance, *more farsighted businessmen are beginning to realise* that the traditional anti-industrialisation policy is out of date as far as India is concerned". ("The Dollar and Asia", page 189).

Just as British finance has enthusiastically invited Russian capital into India, so also the Soviet Union has begun to prettify the imperialist aid to India, saying that the imperialist powers have been compelled to reshape their economic aid in such a way as to lessen their exploitation of the dependent countries. Ulyanovsky takes credit that Soviet credits exerting a telling influence on the aid of the imperialist States, which has resulted in making far-sighted businessmen agree to the industrialisation of India. It is, presumably to be accepted that imperialism no more has imperialist characteristics of exploitation. If it is true that imperialism is no more against industrialisation of developing countries, then, according to the Soviet revisionists, taking aid from imperialist powers does not in any way hinder the progressive development of the economy of the the underdevelop countries.

———It is unfortunate for the Soviet revisionists that not even democratic economists agree to this new definition of imperialism coming from the newly-found friends of imperialism.

R. Sedillet, a French writer, has given an interesting but truthful description of American aid :

> "*Colonisation effected by the dollar dares not disclose its names .... Its forms differ from official measures of the last century to such an extent that one gets the impression this is an entirely different phenomenon.*"

Whereas the Soviet writer talks of a change in some Western businessmen, who are now more farsighted and who consider that the traditional anti-industrialisation is out of date, the French author considers American aid to be a different form of colonialisation, *giving one the impression* of an entirely different phenomenon.

J.P. Warburg in his book, ."The West in Crisis" talks of American aid as "*its fear-inspired clinging to the status quo in a period of rapid and ineluctable change*". Robert S. Strother, in an article in Reader's Digest in 1961, says that "*our money has not bought us friends and respect in the last 10 years. It has not materially strengthened the countries which have received it.*"

Such are the various charactarisations of the aid we have received and have been receiving in greater quantity. We should now probe into the matter deeper to get at the truth.

Quantum of Aid for Industrial Development

According to various reports published by the Government and various foreign embassy agencies, India has received immense aid, in the form of loans from various governments and their agencies, and in the form of inflow of foreign private capital, into the industrial field in the past 20 years. This aid is gaining momentum.

According to P. J. Eldrige, M A , (Oxon)Ph D. (London), Lecturer of Political Scienec at the University of Tasmania, the following table gives a bird's eye view of the contribution of various donors as loans towards assistance in India's industrial development (other than steel and iron ore).

We should remember that loans for industrial development from the Soviet Union and other East European countries are only to the public sector, where as the loans granted by the United States, World Bank, and other Western sources, are mainly to the private sector, even though West Germany and Britain have also provided loans to the steel plants in the public sector.

Percentage Share of Loans country wise for Industrial Development Upto March 31, 1965

Donor	Authorised	Utilised
I. B. R. D.	3 0	2.8
I. D. A.	1.2	3.1
United States	34.1	12.8
Canada	0.07	0.04
Soviet Union	16.1	15.0
West Germany	2.9	10.8
	2.4	1.1
United Kingdom	13 1	16.5
Italy	2	0.8
Czechoslavakia	2	0 5
Yugoslavia	.0	0.4
Poland	.0	0.8
Switzerland	0.8	0.2
Austria	0.3	0.2
Belgium	0 5	0.1
Netherlands	0.8	0.2
Denmark	0.1	0.05
Sweden	0.1	
Japan	7.1	6.7
	100.0	100.00

US aid for idustrial development of the country tops all countries, it alone accounting for 42.8% of total aid for industrialisation of India. The three major Western powers U.S.A , U.K., and West Germany have aided India's industrial development to the extent of 70%, whereas the share of the socialist countries till March 1965 was not more than 16.3%.

> *"It is a surprising fact", says Eldrige, "that apart from steel development, America's contribution to India's industrial development was more than twice that of Russia, whose financial provision has generally been comparable to that of the United Kingdom. The popular association of Russia with industrial development is no doubt due to her concentration on a few heavy industrial projects in the public sector, whereas American aid is more widely distributed"* (Page 194)

[illegible] the Soviet loans to the public sector and the U. S. loans to the private sector, instead of playing a contridictory role, are complementary to each other. They take care to see that they don't step on each other's toes. The greater the role of the Soviet Union in helping India's steel production, the faster has been simultaneous growth of the engineering industry in the private sector, with significant controlling interest with foreign finance capital for making use of this steel for greater profits. The Soviet Union's help to finance Barauni oil refinery, has been of immense importance in allowing foreign private capital to dominate the public sector oil refineries in Cochin and Madras and Haldia. The soviet Union's readiness to help produce drugs in India led to the establishment of a series of private industries in the pharmaceutical sector under the complete control of foreign monopolies.

Thus Soviet aid has certainly played the role of *"exerting a telling influence"* on foreign finance capital, in prodding them to capture the heights of India's industrial growth. Therefore, Soviet and American aid to India's industrial development are complementary to each other only to the detriment of India's independent industrial growth.

From figures given in the Reserve Bank of India's publication *"Report on currency and Finance"* for 1968-69, it will be seen that, till the end of March 1969, Rs. 4,031.6 crores of external assistance had been authorised for industrial development in India. Out of this, by the end of March 1969, Rs. 2,950 2 crores had been utilised. During Second Plan, utilisation per year was only Rs. 51.5 crores. During the period of the Third Plan, utilisation increased by six times averaging Rs. 305.5 crores per year. During the three years of the plan holiday, 1966-67 to 1968-69, the average per year utilisation increased still further (even though the three years happened to be years of recession, the period when production was reduced, industrial units worked under capacity) to Rs. 474 crores per year. The following table gives a clear picture :

Authorisation and Utilisation of Loans and Credits for Industrial Development

(In crores of Rs.)

	Authorisations	Average Per Year	Utilisation	Average Per Year
Second Plan	751.3	150.3	257.6	51.5
Third Plan	1473.0	294.6	1270.1	305.5
1966-67 to 1968-69	1807.	361.5	1422.5	474.1

As in the case of agricultural production, it is evident that, even in the case of industrial production, the dependence on foreign loans is a growing phenomenon. The figures in the above table do not include loans to private sector industries, granted out of P. L. 480 rupee funds, by the U. S. again, U. S. finance leads the race. By 1969, the number of countries that had authorised loans to help our industrial production had increased from 19 in 1965 to 22 in March 1969. The following table gives an idea of the growth of utilisation of foreign loans, from plan to plan, country-wise. It is clear that, to keep our existing industrial wheels turning to full production, greater loans will be needed in future.

Countrywise Distribution of Loans for Industrial Development till 1968-69

(in crores of Rs.)

Source	Till the End of Second Plan	During Third Plan	From 1966-67 to 1968-69	Total
I.B.R.D./I.D.A.	4.1	93.7	270.2	367.0
U. K.	86.5	149.8	147.7	384.0
West Germany	47.4	88.2	108.8	244.4
U.S.S.R.	10.3	207.1	64.5	281.9
U.S.A.	93.0	551.1	501.3	1145.4
Japan	16.0	86.3	116.2	218.5
France	—	21.0	43.9	64.9
Italy	—	11.6	0.1	11.7
Czechoslavakia	—	12.6	39.7	52.3
Yugoslavia	—	9.7	11.4	21.1
Poland	—	11.3	4.1	15.4
Switzerland	—	6.0	12.3	18.3
Canada	—	1.2	16.1	17.3
Austria	—	4.7	7.4	12.1
Belgium	—	4.9	2.7	7.6
Netherlands	—	9.5	19.3	28.8
Denmark	—	0.6	2.3	2.9
Sweden	—	—	4.8	4.8
Total	257.3	1269.3	1372.8	2899.4

From the above figures two features stand out. First, in the name of industrial development the amount of loan from Plan to Plan is greater. During the Second Five-year Plan—the plan which laid the 'foundation' for planned industrialisation of the country—only Rs. 257.3 crores were spent. But it had increased to such an extent that, after the Third Plan in the three years known as 'plan holiday', it had increased to Rs. 1372.8 crores. If we remember that these three years were of industrial recession, when industrial activity was slack, we can imagine what further aid would be needed in the period of normal growth of industrial activity. "Economic Survey 1959-70" published by the Government of India has this to say:

> *"The economy could manage with such low volumes of net assistance because of the slack during the recession and immediate post recession years. With the revival of industrial activity, the need for both maintenance imports as well as capital goods imports would increase. Already, select items of maintenance imports have gone up and scarcities are developing in some sectors." (pages 53-54) "There is every likelihood of a significant increase in imports"* [creating] *"adverse repercussions on the balance of trade." (page 56)*

In a very subtle way, the Government of India has provided the need for more loans for *'maintenance imports'*, meaning imports of *'raw materials'*, *'components* and *'spare parts'* for which greater need will arise as the wheels of industry begin to move faster.

The second characteristic to be noted is that the World Bank, the U.S.A., the U K., West Germany, and Japan, had provided 81% of the aid utilised so far, whereas the revisionist countries including Yugoslavia lagged far behind, providing a meagre 12%. America alone had provided loans for industrial development at the rate of 36%, 43% and 37% during the Second Plan, Third Plan, and the later three years of plan holiday.

Every country that aids another country keeps in mind the possibility of loss of the market for its own goods in the aid-receiving country and tries to avoid that aid which is deleterious to its own economy. Only that aid is allowed to be funnelled into the under-developing countries which is capable of keeping the aided country under continued dependence on the aiding country. This principle is so dexterously implemented that the Indian economy, in the course of three five year plans and three years of plan holiday, finds itself in so dependent a position that any lessening of the aid in the pipeline throws its economy into utmost chaos.

Purpose Wise Allocations Of Industrial Development Loans

It is very difficult to divide foreign loans for industrial development purpose wise. In the publication of the Department of Economic Affairs published yearly, "External Assistance for the year 1967-68", these

loans are referred to as, *"balance of payments"* assistance, *"kipping loans"*, *"Non project credit"*, *"General purpose loans"*, *"suppliers' credit"*, and so on and so forth. There are some loans specified for a particular industrial project in the private or public sector, but most of the loans are categorised as private-cum-public sector loans, making it difficult to analyse the loans in proper perspective. Keeping these difficulties in view, we will try to analyse the basic features of this aid.

Loans to the private corporate sector for capturing the heights of industrial production, is the fundamental principle of Western finance. The phenomenal growth of foreign private capital in the corporate field in India after 1948 is of basic significance in India's industrial growth during this period. According to **Reserve Bank of India Bulletin**, March 1971, outstanding long-term foreign investments in the corporate industrial and commercial enterprises, which was Rs. 264 6 crores in 1948, had grown more than six times by the end of March 1968. This growth has been aided by Western loans in various forms.

The following list, of companies which have received direct aid from foreign governments and institutions, should be an eye open to any genuine nationalist, who is anxious for the growth of a strong and independent India. Even though the list is long, it is worth giving the full list to understand how the biggest of *"Indian"* companies are controlled through loan capital.

Loans to Particular Private Sector Companies as per External Assistance 1967-68

	[Rs. in crores]	
I. World Bank :		
1. I I S Co	73.99	(4 loans)
2. T I S Co	80 63	(2 loans)
3. Trombay Power Project	17.63	(2 loans)
Total	172.2	
II. Export Import Bank :		
1. Sundetta cotton seed multiplication Ltd.	0.05	
2. National Rayon Corporation	1.35	
3. Hindustan Aluminium	22.24	(3 loans)
4. Orient Paper Mills	13 88	
5. East India Hotels	0.54	
6. Union Carbride	5 69	
7. Bharat Forge Co. Ltd.	2.93	
8. Musore Acotate Chemicals	1.56	
9. Coromandel Fertilisers	20.25	
10. Central Pulp Mills	5.12	

11.	Hardillia Chemicals	2.51	
12.	Chemicals & Plastics	2.36	
13.	Indian Aluminium	1.50	
	Total	79.98	

III. DLF/AID Loans:

1.	Premier Automobiles	7.56	(2 loans)
2.	Ryon tyre Cord (DCM)	6.60	
3.	Trombay Thermal Powers	13.43	
4.	Napoo Bavel Goers	1.73	
5.	Telco Truck expansion	10 28	
6.	Hindustan Motors	31.86	(3 loans)
7.	Telco	8.85	
8.	Natronal Engineering Industries	3.23	
	Total	83.55	

IV. Cooley Loans:

1.	Otis Elevator Co.	0.20	(2 loans)
2.	Good Year	3.75	(2 loans)
3.	Synthetics & Chemicals	6.50	(3 loans)
4.	Hindustan Aluminium	5.00	(3 loans)
5.	Mysore Cement	3.61	(3 loans)
6.	Ex-Cell HO India	0.20	
7.	Premier Tyres	0.30	
8.	Seshasayee Paper & board	2.00	
9.	Cynamide India	0.25	
10.	Gabriel India	0.19	
11.	East India Hotels	0.76	
12.	Wyth Laboratories	0.17	
13.	Madras Rubber Factory	0.75	(2 loans)
14.	Victor Caskets	0.08	
15.	Wymen Gardea	0.25	
16.	Precision Roller bearing	0.45	(2 loans)
17.	Haring Malik Manufacturing	0.03	
18.	Mecknali Bird Engineering Co.	1.00	(2 loans)
19.	Union Carbide	2.16	
20.	Acber Acros Farms	0.13	
21.	Mandya Paper Mills	1.17	
22.	Kirloskar Cummuins	1.25	
23.	Napco Bavel Gears	0.80	(2 loans)
24.	Elpro International	0.40	
25.	Frick India	0.25	

26.	Coromandal Fertilisers	14.67	(2 loans)
27.	Bharat Steel Tubes	0.25	
28.	Everest Refrigerators	0.60	
29.	IA & IC (P) Ltd.	0.05	
30.	Borosil Glass Works	0.76	
31.	Chemicals & Plastics	0.33	
32.	Graphite India	1.00	(2 loans)
33.	Symbiotics	1.34	
34.	Indabrator	0.14	
35.	American Universal Electric	0.21	
36.	Shama Forge Co.	0.48	
37.	Sylavania and Laxman	0 50	
38.	Raymond Engineering Works	2.14	
39.	Renu Sagar power Co.	4.79	(2 loans)
40.	Rockwell India	0.17	
41.	Indofil Chemicals	0 30	
42.	Hardilla Chemicals	2.65	
43.	United Carbon India	2.61	(2 loans)
44.	Tractor Engineering	0.60	
45.	Semi Conductor	0.14	
46.	York India	0.15	
47.	Richardson Hindustan	0.63	
48.	Ferro Coatings and Colours	0 25	
49.	Lal Reo Measuring Tools	0 13	
50.	Corn Products	0.24	
51.	International Fisheries	0.20	
52.	Cutler Hammer India	0.30	
53.	Shave Norgan India	0 80	
54.	Modipan	1.82	
55.	Warner Hindustan	0.88	
56.	Tylor Instruments	0 15	
57.	Agricultural Association	0.25	
	Total	70.49	

Canada :

1.	Indian Aluminium Co.	1.31	(2 loans)
2.	Comico Binani Zinc Co.	1.11	
	Total	2.42	

VI. West Germany

1.	Telco Toolroom Project	1.36

VII. Japan :

1.	Toshiba Anand Lamps	0.73
2.	Tisco Roll Foundry Project	1.13
3.	Plastic Resins & Chemicals Ltd. (PVC)	3.50
4.	Dharngadhara Chemical Works	1.19
5.	Kota Fertilisers of DCM	17.00
6.	Kanpur Fertilisers (India Explosives)	19.95
	Total	43.50

VIII. Netherlands :

1.	Century Ryons (for tyre cord)	5.46
2.	Phillips India	0.48
	Total	5.94

This list, collected from "External Assistance 1967–68", does not give the full picture of loans granted to individual companies from various foreign sources. There are several other loans granted to the private sector, 'camouflaged' under various heads — such as '*non project*' credit, '*general purpose*' credit, '*industrial commodities*' credits, and so on — covering both private and public sectors, running into tens of millions of rupees. No estimation, as to how many loans in this period of '*development decades*' 1950–70 have been siphoned off into the private sector, can be made correctly even by the Government of India.

There are also many other sources of loans to the private sector which are not accounted for in the general pattern of External Assistance and, therefore, do not figure in the yearly publication of the department of Economic Affairs on external assistance for example, loans from Commonwealth Development Finance Corporation or loans from foreign banks etc. They, too, are as much a liability to the country as any other loans. For example, Synthetics and Chemicals Ltd., which has had the benefit of three loans to talling Rs. 6.50 crores from the Cooley Funds, had also received Rs. 4.60 crores in foreign exchange from four banks in America. The fertiliser project in Kanpur, which is a subsidiary of the British Company, Indian Explosives, has received a loan of Rs 6 30 crores from the International Finance Corporation in foreign exchange. Such loans as these have not figured in the list I have given below.

Even so, to study the impact, we can note certain facts from the above list. The total amount of loans directly granted to the private corporate sector upto 1967-68 is as follows :

	Rs. crores
World Bank	178.25
Export Import Bank	79.98
DLP/AID loans:	83.55
Cooley Funds (P.L. 480)	70.49
Canada	2.42
West Germany	1.36
Japan	43.50
Netherlands	5.94
Total	459.49

It is said that foreign private capital and foreign loan investment accentuate monopoly tendencies. The invasion by these loans which, as per my calculation, approximate Rs. 460 crores, reveals tendency in the most glorious form. Nearly 80 companies have received loans worth Rs. 460 crores. But 19 giant companies the companies which are included in the "*101 toppers in the private corporate sector*" by the Research and Statistics Division of the Department of Company Affairs again the maximum. These 19 companies have managed to bag nearly Rs. 397 crores of loans out of Rs. 460 crores. These 19 toppers are:

		Rs. crores
1.	Tata Iron & Steel Co.	81.76
2.	Indian Iron & Steel Co.	73.99
3.	Coromandal Fertilisers	34.92
4.	Hindustan Motors	31.86
5.	Trombay Tharmal Station	31.06
6.	Hindustan Aluminium	27.24
7.	DCM (Kota Fertiliser & Rayon Tyrecord)	23.60
8.	TELCO	20.44
9.	Indian Explosives (Kanpur Fertiliser)	19.95
10.	Orient Paper	13.88
11.	Union Carbide	7 85
12.	Premier Automobiles	7.57
13.	Synthetics & Chemicals	6.50
14.	Hardilla Chemicals	5.16
15.	Renusagar Power	4.79
16.	Indian Aluminium	2.81
17.	Seshasayee Paper	2.00
18.	National Rayon	1.35
19.	Philips India	0.48
	Total	397.23

This accounts for more than 86% of the loans sanctioned. That the biggest of the big in the Indian corporate sector are growing bigger

mainly due to foreign collaboration and the active support of the Government of India is clear. But still more significant is the lion's share of Birlas and Tatas in this collaboration with foreign capital, and the foreign monopolies' eagerness to join hands with the two biggest giants in the corporate sector. The following table clarifies the role of foreign loans in relation to Birla and Tata. Out of 19 industries which have received foreign loans, 7 belong to these two houses 3 to the Tatas and 4 to Birlas.

Tata House

	Rs. crores
TISCO	81.76
Trombay	31.06
TELCO	20.44
Total	133.26

These three companies alone got 34.3% of the loans given to the 19 giants of the Indian corporate sector.

Birla House

	Rs. crores
Hindustan Motors	31.86
Hindustan Aluminium	27.24
Orient Paper	13.88
Renusagar Power	4.79
Total	77.77

These four units of the Birla House have received 19.5% of the loans given to 19 biggest companies of the corporate sector.

The significant part played by these loans in the growth of assets of these units can be known if we look at the total growth of assets of these units during 1956 to 1968, and the total grip of foreign finanace on these units can be understood, to a great extent.

Loan Capital and the Growth of Assets during 1956 to 1968

	Assets 1956	Assets 1968	Difference in 1968 to 1956	Foreign Loans
TISCo.	98.29	258.08	159.79	81.76
TELCo.	27.22	85.84	58.62	20.44
Trombay	15.07	35.75	19.68	31.06
Hindustan Aluminium	—	50.70	50.70	27.24
Hindustan Motors	10.86	61.45	40.59	31.86
Orient Paper	8.19	34.34	26.65	13.88
Renusagar Power	—	18 59	18.59	4.79
	159.86	545.25	374 62	211.03

It is clear that the finance for the expansion of these industries has come mainly from foreign finance capital. As we have already noted, these are not the only foreign finances received by these companies. But the other foreign capital investments, in equity, debentures, and loans, could not be fully gathered for want of adequate information. For example, Hindustan Motors has taken loans from Commonwealth Development Finance Corporation amounting to 450,000 dollars in 1963 and again 250,000 dollars in 1966 according to "**Directory of Foreign Collaborations in India**" **Volume II**, Section 2, page 31. Kirdon, in his book "**Foreign Investments in India**", says that "***Dalmier Benz received ordinary shares worth 80 lakhs of Rupees, two-fifths of the issued capital in Tata's automobile division of TEL Co:***" (Page 267). Even without going into all such details, the above table clarified the grip of these international loans over the Indian gaints of the corporate sector.

The increase of assets between 1956 and 1968 of the above 7 gaint companies was Rs. 375 crores. Foreign financial help to these companies during the same period amounted to Rs. 211 crores. That means that the 61% of new assets of these companies were due to the loans of foreign finances.

The credits sanctioned to private firms are mainly from 3 sources-the Export Import Bank of America, P. L. 480 Cooley loans, and DLF/AID loans-all from the U. S. A. These loans give priority to American firms which have branches in India, or Indian firms associated with American firms, and lastly to Indian firms which are in need of both rupee and dollar credits. Through these methods, they can gain control of Indian firms. These sources of loan capital have made possible the active penetration of

U. S. capital in India to capture strategic heights of industry, to gain monopoly in some of the core industries, such as aluminium, chemicals and pharmaceuticals, fertilisers, transport, and heavy engineering. These loans have promoted local ties with the Indian bourgeoisie, to make Indian capitalists subsidiary partners, to tie them to American enterprise. These loans are directly negotiated. It is the management of the Export Import Bank which decided who is to get credits. The counterpart rupee funds are distributed to *"joint Indo-U. S. enterprises"* according to *"External Assistance"* published by the Department of Economic Affairs of the Government of India. Cooley Funds are specifically alloted as per the Law passed by the American House of Representatives. Commerce (November 30, 1968) in its special supplement on Indo–U. S., Co-operation specifies in the following manner the firms which can get loans from the Cooley Funds :

(1) American firms or their subsidiaries operating in the country (India) or indigenous (India) firms having affiliation with an American firm.

(2) Indigenous firms of the country who have no affiliation but are facilitating the disposal of American agricultural product, e. g., local private warehouses storing grain, or flour mills processing grain.

It is clear that only subsidiaries or affiliates of American firms get these loans. And yet, the country is informed by the super patriots of the Government of India - the Ruling Congress that it is in India's interest that foreign capital flows into our country.

Foreign Finance Capital's Control of Industrial Finance Corporations

Foreign capital adopts various forms to control the growth of Indian industry. We, have seen in the previous section, the method of giving direct loans to Indian Industries and how important its role has been in the establishment of new industries such as Hidustan Aluminium or in the expansion of established Industries such as TISCO, IISCo, Indian Aluminium, and Hindustan Motors.

The other most important means adopted by the imperialist governments has been their policy of aiding India's financial corporations. Therefore we must now probe into this feature of industrial development loans given by western imperialists. This aid, in the form of loans, has been used to increasingly dominate these industrial financial corporations, which have been established in India after 1947 for the promotion of India's independent industrial growth. Under the leadership of the Almighty Dollar, even these financial institutions have become bases for a quick and extensive penetration of foreign monopolies into Indian industry.

A. Aronovitch, in his book "Monopoly" states that: *"the concentration of production and centralisation of capital is a process greatly speeded up by the growth of the financial and credit systems..... In these and other ways, industrial and finance capital increasingly become intertwined and carry forward the process whereby ...a handful of giant industrial and financial combinations have come to dominate the economies of the countries. This is the essence of capitalism called Monopoly Capitalism."*

These monopolies, both of big combines and financial institutions, which have been accumulating vast amounts of capital have been in continuous search to invest in areas which can bring them a higher rate of profit-maximum profit than investments at home. The key to their method of securing super profits is to control production, so as to be able to rig the market, to obtain the highest level of prices, to achieve maximum profits. This being the economic law of modern capitalism, it would adopt any number of methods to achieve that end.

One of the methods is the technique of *"combining the gigantic forces of capitalism and the gigantic forces of the State to form a single mechanism"* (Lenin: "War and Revolution"). This technique has been very efficiently and successfully implemented in India in the interests of foreign monopolies. Gigantic forces of foreign imperialist capital, supplemented by the resources of the Government of India, have been combined into a single mechanism through the Indian finance corporations. These resources of the corporations from the basis of the monopoly companies of the West to penetrate the Indian corporate sector in close alliance with the Indian bourgeoisie, to dominate the industrial field.

Establishment of Finance Corporations and Their Importance

Finance corporations were established in India mainly to make available long-term loans to industry. It was felt by the Government of India, that it was not possible for the capital market to develop in the foreseeble future to sufficient breadth and depth to meet the requirements of industry. As T. V. Setharaman *says*: *Government is in an advantageous position to mobilise resources and place a part of these at the disposal of the private sector through the medium of industrial financing institutions."* ("Institutions Financing of Economic Development in India", Page 32).

These financial institutions have played an extremely important ole in the growth of the private corporate sector in India.

The following table records the increasing assistance which is being given by various financial institutions.

Assistance by Financial Institutions in Third Plan

(Rs. in Crores)

	Loans		Underwriting & Direct Subscriptions		Total	
	Sanctioned	Disbursed	Sanctioned	Disbursed	Sanctioned	Disbursed
IDBI	111.5	76.4	13.5	3.0	125.0	79.4
IFC	131.2	78.0	19.8	12.4	151.0	90.4
ICICI	83.0	54.1	23.1	11.4	106.1	65.0
IFCS	90.5	60.2	8.7	6.8	99.2	67.0
SIDCs	1.3	0.6	10.8	5.0	12.1	5.6
Sub-Total:	417.5	269.6	75.9	38.6	493.4	307.9
UTI	—	—	11.1	9.5	11.1	9.5
L.I.C.	16.7	1.8	52.2	44.7	68.8	46.5
Sub-Total:	16.7	1.8	63.3	54.2	79.9	56.0
Grand Total: IIIrd Plan	434.2	271.1	139.2	92.8	573.3	363.9
Total for Second Plan	105.2	70.1	15.8	6.3	121.0	76.4

Source : Hindu Survey of Industries, 1966. SLN Simha "Growing Reliance on Institutional Finance."

The above table clearly portrays the fact that "In respect of development financing institutions, there was a 300% increase in the assistance sanctioned which recorded an increase from Rs. 121 crores in the Second Plan to Rs. 493 crores in Third Plan. While assistance disbursed rose from Rs. 76 crores to Rs. 308 crores".

S. L. N. Simha further reports that :

"indications are that in the Fourth Plan period there would be a further marked increase in the ratio of funds to be provided by the institutional agencies. It looks likely that the term-financing institutions, other than LIC and UTI will have to make a gross disbursal of the order of Rs. 700 crores in the Fourth Plan as a whole; this will constitute something like 25% of the estimated gross fixed assets investment. Besides, the LIC and the UTI should be providing funds to the extent of Rs. 76–100 crores, or 3 to 4 per cent of fixed investments"

Commercial banks —

n the last 6-7 years, especially on account of the availability Refinance Corporation for Industry (RCI) which was merged with the IDBI in September 1964, the lending of commercial banks for industrial investment has been substantial."

"In recent years, corporate finance trends reveal a decreasing share of internal resources, i e., depreciation provision and retained profits."

"In the Third Plan about half of the gross disbursements of funds of almost two-thirds of the net disbursements (net of repayments) was received from the public sector—mostly the Central government, supplemented by assistance from the Reserve Bank. The actuals of the term-financing institutions as a whole during the Third Plan in respect of the principal sources of funds is as follows:

Funds for Statutory Financial Institutions

	Rs. in crores
Borrowing from governments	137
Assistance from Reserve Bank	17
Borrowing from abroad	34
Bond issues	34
Repayment of loans	67
Total	289

"In the Fourth Plan period, it would appear that assistance from the Government and the Reserve Bank would have to be at-least of the order of Rs 400 crores".

"It is interesting to note that although public sector investment has accounted for a major part of the investment programme in the Indian Five year Plans, the Government is giving serious attention to the financial requirements of the private sector. In practice, the Indian authorities have throughout taken a national view of the resources problem though at times an impression is given that the Government is excessively preoccupied with the requirements of the public sector programme of investment.
(S. L. N. Simha : "Hindu Survey of Indian Industries, 1966")

According to L. K. Jha, Governor of the Reserve Bank of In
"In the 18 years between the start of the First Five Year Plan and 1968-69, the I.F.C., S.F.C.S, the I.C.I.C.I., and the I.D.B.I. between them sanctioned nearly a thousand crores by way of financial assistance for industrial development. This total includes all types of assistance—direct loans, underwritings, refinance to banks, and rediscounting of bills. Simultaneously in the period of 1961-69 bank finance to industry rose from Rs. 664 to well over Rs. 2,000 crores." (L. K. Jha: 'Financial Institutions and Industrial Growth', R.B.I. Bulletin, March 1970: Page 443)

Thus the official credit institutions are being used to bolster the private sector. Even companies with foreign capital with a right to repatriate their profits have been beneficiaries of the government's generoisity. In fact, the largest beneficiaries from the official agencies are the big business houses flourishing along with foreign collaborators.

These institutions have been playing an increasingly important role in bolstering the monopoly sector in India.

The two most important financial institutions which are playing a role of catalyst for greater investment of foreign capital are the IFC and ICICI. A study of the capital resources and loan policy of these institutions reveals the growing comprador nature of the Indian bourgeoisie (especially of big business) in alliance with the bureaucratic capital—as a subsidiary to foreign finance.

Industrial Finance Corporation of India

Government of India, under an Act of Parliament in 1948, set up the first institution—the Industrial Finance Corporation of India—to advance loans to companies, to finance mainly the large-scale industry, with a paid-up capital of Rs. 5 crores. To augment the resources of this corporation, the corporation issued bonds to raise its capital. A thirdof these bonds was taken up by banks and insurance companies *"and the balance by Mahatma Gandhi National Memorial Fund"*—a truthful tribute by his disciples to the *'Father of the Nation'*, who had successfully led the nation for transfer of power into the hands of big business and landlords. The corporation also borrows from the Reserve Bank of India. It received the

first foreign currency loan in 1960, from the U. S. Development Loan Fund.

The Industrial Finance Corporation was the first to be started in 1948. The paid-up capital of IFC in 1969–70 was Rs. 8.35 crores. Of the shares 50% were held by the Reserve Bank of India and the Central government, later transferred to Industrial Development Bank of India, a subsidiary of RBI. The remaining shares were held by the scheduled banks (20%), insurance concerns (22%), and co-operative banks (8%). In addition to the share capital, the corporation has the power to augment its resources by issue of bonds and debentures, the repayment of capital and interest thereon being guaranteed by the Government of India. The corporation is also authorised to borrow from the Reserve Bank, as and when necessary. The corporation also borrows from the Central government directly. It has not been possible to collect the total amount of borrowings from the Central government during this period. But, as at the end of 1969-70, according to the RBI Bulletin, January 1971, the Corporation's outstanding borrowings from the Central government stood at Rs. 80.90 crores. During 1969–70, the Corporation was authorised a loan of Rs. 5 crores by the Government of India (Explanatory Memorandum: Central Budget 1970–71, page 119). As per the same explanatory Memorandum, the Central Government stood a guarantee for the repayment of principal and interest in respect of bonds issued by the IFC aggregating Rs. 50.40 crores. The Central government has also guaranteed Rs. 36.33 crores of payment of principal and interest on outstanding loans from foreign countries, and a further guarantee of Rs. 1.02 crores of a loan from Germany. It is therefore clear that the Government has taken full responsibility for almost 100 per cent of the resources of this corporation.

With such immense resources deployed and guaranteed by the Government, *"the moving spirit and leadership of such institutions—notwithstanding the State's share and part in them—must be thrown up from the same business class that is also the beneficiary of aid from them"*. Thus this institution is the handmaid of big business in India, hankering for bits of crumbs falling from the super profits amassed by foreign capital to whom they are subservient partners.

The foreign loans which this corporation has received till 1968–69 are as follows:

		Rs. in crores
U.S.A.: (a)	Rupee loans (PL 480)	37.50
(b)	Dollar loans	30.00
	Total from the U S.A.	67.50
West Germany		14 53
France		3.83
	Total	85.86

Source : "External Assistance," 1968–69.

The first foreign currency loan which this institution received was only in 1960. But it was only after 1960, too, that the momentum of the 'assistance' activities of this institution picked up. The following table from "*Institutional Financing of Economic Development*" gives an idea of the amount of loans sanctioned by this Corporation, period-wise.

Net Financial Assistance Sanctioned

(Rupees in crores)

Period ending June	Loans	Foreign Loans	Under-writings	Total
Prior to First Plan 1949–51	8.13	—	—	8.13
First Plan 1952–56	27.02	—	—	27.02
Second Plan 1957–61	50.38	14.54	3.56	68.48
Third Plan 1962–66	132.63	37.45	19.04	189.12
Total:	218.16	51.99	22.60	292.75

From its very inception in 1948, more than 60% of the loans granted so far were in the Third Plan.

According to the Chairman of the Industrial Finance Corporation (Economic Times, October 1, 1970) "the net amount of cumulative assistance sanctioned, since its inception in 1948, i.e. after accounting for cancellations and withdrawals, amounted to Rs. 337.08 crores".

	Rs. in crores
Rupees loans:	216.35
Foreign currency loans:	39.29
Underwritings, direct subscription to shares and debentures:	28.08
Guarantees:	53.36
Total	337.08

"As on June 30, 1970, the corporation has sanctioned effective subloans aggregating DM 86.12 million, US $ 27.8 million, and FF 12.32 million, against respective lines of foreign credits available from without."

"Recently, for the first time, £ 1 million have been allocated to the corporation as tied credit."

"In the case of new ventures, long-term financial institutions are financing upto 75% to 80% of the capital cost of the

project in the form of long-term loans and underwriting of share capital, the contribution of promoters being not more than 20 to 25% of the capital cost of the project by way of equity participation."

"*The main sources of funds of the corporation, other than its own capital, retained earnings, repayment of loans, and sale of investments, are borrowing from the market by issue of bonds, loans from Central government and foreign credits.*"

The corporation has been of immense help to the big business. It has been charged in parliament that it was operating as a '*big business racket*', and "*a few cliques of business magnates were likely to take control of the entire industrial economy*" and that "*it showed preference to well-established large-scale industries*". The Mahalanobis committee observed that the corporation, along with other financial institutions, led to the concentration of economic power in a few hands. A careful analysis of the sanctions will abundantly prove that major amounts sanctioned have been to those enterprises associated with big industrialists who are in collaboration with foreign capital.

The Industrial Licensing Policy Enquiry Committee, in its report, has conclusively proved that out of the total financial assistance sanctioned and distributed by the IFC during 1956 to 1966, assistance to large industry section has dominated, as the following classification shows:

(SEE TABLE IN PAGE 107)

I. F. C. Assistance to Large Houses Which Secured One Per Cent or More of Total Assistance during 1956-1966

(Rs. in crores)

Business Houses		Rupee Loans	Foreign Currency Loans	UnderWriting	Guarantees	Total
1. A. C. C.	(1)	2.00	—	1.10	—	3.10
2. Bangur	(1)	1.25	0.62	0.68	—	(1.2%) 2.55
3. Birla [illegible]	(16)	2.79	6.63	1.75	0.72	(1.0%) 11.89
4. J. K. Singhania	(5)	2.38	0.53	0.50	3.52	(4.5%) 6.93
5. Mafatlal	(3)	3.50	—	0.60	—	(2.6%) 4.10
6. Tata	(5)	2.85	0.24	0.43	—	(1.6%) 3.51
7. Bajaj	(3)	1.45	1.18	—	0.09	(1.3%) 2.72
8. Chinai	(1)	2.93	—	—	—	(1.0%) 2.93
9. Indra Singh	(1)	0.75	—	—	5.57	(1.1%) 6.32
10. Kirloskar	(4)	0.89	1.44	0.40	—	(2.4%) 2.73

(CONTINUED IN PAGE 108)

(1.0%)

(Rs. in crores)

Business Hour		Rupee Loans	Foreign Currency Loans	UnderWriting	Guarantees	Total
11. Mahindra & Mahindra	(2)	2.34	2.17	0.10	—	4.61 (1.8%)
12. Modi	(3)	2.38	0.15	—	1.11	3.65 (1.4%)
13. Naidu V. R.	(1)	1.00	—	1.20	9.69	11.89 (4.5%)
14. Parry's Industries Second Tier	(4)	0.97	—	1.05	11.47	13.49 (5.1%)
15. Seshasayee	(1)	1.52	1.64	—	—	3.16 (1.2%)
16. S. P. Jain	(2)	1.65	0.18	0.10	3.10	3.03 (1.2%)
Total	(53)	31.65	14.78	6.91	33.23	86.61 (32.9%)
All large industrial houses, including independent companies		69.92	33.18	19.97	44.54	167.61 (63.9%)
	Total	151.14	40.16	22.79	48.57	262.55

Source : Report of the Industrial Licensing Policy Inquiry Committee ,Appendices, Volume IV, Pages 15 & 16.

It may be noted that 16 big business houses collected from IFC a total assistance of Rs. 86.61 crores—out of the total for all companies which was Rs. 262.55 crores. It means that these 16 big business houses bagged nearly 33% of the assistance from IFC. It is unfortunate that we do not have the names of the companies to whom assistance was given, so that we could study the full impact of these loans on speeding up the entry of foreign capital. The house of Parry, a foreign monopoly, alone gets Rs. 13.49 crores constituting 5.1% of the total assistance. Since no industrial unit can be started without foreign collaboration, we can well imagine that majority of loans have been granted to foreign collaboration companies such as Graphite India, National Organic Chemicals, Polyolefine, Industries, Scottish India, Tata-Merlin-Gerin, all of which are either foreign-owned or foreign-controlled. These five industrial units between them have cornered Rs. 5.17 crores of loans from the IFC, as per the Economic Times of Bombay in its fifth and sixth surveys of foreign collaborations.

Finally, we should note that all these facilities for foreign companies were possible because the borrowings from government were on an immense scale. As at the end of 1969–70, the outstanding borrowings from the Government of India stood at Rs. 80.99 crores, the guaranteed bonds and debentures stood at Rs. 52.74 crores, other than the paid up capital from the Reserve Bank of India which was roughly Rs. 4.15 crores. Foreign governments have, till the end of 1968-69, assisted this institution with about Rs. 86 crores—the U.S.A., being the main source, having loaned Rs. 37.50 crores in Indian currency and Rs. 30.00 crores in dollars. This is an excellent example of how the *'Socialist India'* of Jawaharlal Nehru and his daughter Indira Nehru Gandhi have implemented the growth of foreign monopolies in India in the name of a *'Socialist pattern of society'*.

The next most important finance corporation which came into existance was the Industrial Credit and Investment Corporation of India. Though younger than IFC by about 7 years, this corporation has played a much more important role from the very inception.

This corporation was a *"product of International Finance Capitalism"* (H. Venkatasubbiah: "Indian Economy since Independence", page 177). It was set up in 1955, "on the recommendation of the I.B.R.D. cum American Investment Mission in 1954". Originally, it was envisaged as a state body but the World Bank in consonance with the American Finance Capital worked its way to promote I.C.I.C.I. as a private sector body *"financed by private subscription in the United States, Britain, and India, as well by the United States and the Indian governments and enthusiastically welcomed in business circles"*. (Kidron, page 140). Thirty per cent of its share capital is subscribed by some exchange banks, insurance companies, and business corporations of U.K. and U.S.A.

The birth of this crossbreed in the very year of the birth of Avadi Socialism raised quite a number of eyebrows, in serious criticism. There-

fore, the first chairman of the corporation, Dr. A. Ramaswamy Mudaliar, sought to explain the importance of this curious birth of mixed marriage. He wrote that: "*the participation of British and American investors needs some explanation. It has been the view of the members of the steering committee that it will be an advantage to have such* participation both in the share capital and consequently in the management of the corporation". He goes on to say that their participation "*will give them an insight into the conditions and circumstances*" of private industry in the country will help "*to alleviate the fears and apprehensions and even the alarmist views*" about the future of private industry; and finally their participation will be "*of some assistance in appreciating government policy in the matter*". But, most important of all, he envisaged "*another advantage which will flow from such understanding is greater participation of foreign capital not merely through the Industrial Credit and Investment Corporation of India but outside of it ...*". (Quoted by H. Venkatasubbaiah, page 178).

H. Venkatasubbiah comments that: "*the capital structure and the directorate of the ICICI being what they are, it is also a moot point whether ICICI will shape industry or industry will shape the ICICI.*"

The birth of this corporation was hailed by British businessmen in India, through their economic journal, Capital. It wrote that this new institution, "*epitomises in every lineament of its structure all the best features not only of the present government's policy but of any rational policy designed to promote economic progress in India.*" The journal was happy that a proper atmosphere has been created for "*the fostering of close co-operation of private businessmen and the government officials,*" and that its growth is assured by the "*full support of the two leading democratic countries of the world, the United States and Great Britain*" (quoted by Kidron, page 240).

According to the Report of Industrial Licensing Policy Inquiry Committee, the industrial Credit and Investment Corporation was thus set up in 1955 "*or on the recommendation of the IBRD-cum-American Investment Mission*", which successfully influenced the government to set up "a new private owned industrial financing institution, with the support of the IBRD and the Government of India"; "*The policy of the ICICI is to work in close co-operation with other institutions like IFCI, IDBI, LIC and SFCs on the one hand and IFC (Washington) CDFC (U.K.) etc. on the other*". (Report: Volume IV, pages 27 to 32). This is a privately owned institution freely making use of Government of India loans and foreign exchange loans of Western powers. As H. Venkatasubbiah in his book "Indian Economy since Independence" very aptly characterises: "*it has therefore claim to be considered a public financial institution although it is pulled by private horses.*" (page 179).

The creation of these financial corporations was also part and parcel of the policy of laying a smooth road for further invasion by foreign capital. It should be noted that IFC received its first foreign currency

loan only in 1960, after the establishment of ICICI in the private sector, at the dictates of the World Bank and the American monopolies.

As Eldrige pointedly comments in his book "Politics of Foreign

> *India has stage by stage improved the prospects for foreign capital and by the end of the period under consideration has established a climate. An important factor has been the various institutions established by the Indian Government to assist the development of the private sector. The two major institutions are Industrial Finance Corporation of India, established in 1948, and the Industrial Credit and Investment Corporation of India, a privately owned institution (though with substantial government and foreign financial backing)....Refinance Corporation of India for industries, which assists banking institutions in providing medium-term loans to suitable enterprises, the National Development Corporation and finally the National Small-Scale Industries Corporation." (page 153). [The establishment of these institutions has brought into focus the] "quadrangular configuration of interests involving the major Western donors, Indian private capital, foreign capital, and the Government of India," (page 147).*

This child of Indo-American alliance was born with a silver spoon. Announcing its birth with fanfare, the Government of India presented it with an interest-free loan for 15 years recoverable over another 15 years thereafter. Almost simultaneously, about Rs. 4.75 crores were lent by the World Bank. In 1959 and 1960 the World Bank gave two more loans, and the Government of India a further Rs. 10 crores. Thus both the international finance and the rupee finance were never short since its birth.

> *"The ICICI, since its inception in 1963 upto the end of March 1969, sanctioned to 505 companies aggregate assistance amounting to Rs. 240.7 crores, made up of foreign currency loans of Rs. 138.3 crores, rupee loans of Rs. 42.6 crores, guarantee of Rs. 6.8 crores, and underwriting and direct subscription to shares and debentures of Rs. 53 crores".*
>
> (Report on Currency and Finance, *1968-69*).

It is significance that a little above 57% of all assistance granted was in foreign exchange.

On the basis of the extensive loans that the Government of India funnelled into the pipeline and the grand sustaince that World Bank continued to pump in, ICICI became a major source of capital for foreign investment in India.

The assistance of ICICI has helped big business grow bigger. During the period from January 1956 to December 1966, of the assistance of Rs. 172.0 crores, companies controlled by large industrial houses ac-

counted for Rs. 85.4 crores and formed 49.7%. Together with their second-tier companies, the share of large industrial houses accounted for 52.7%. Foreign-controlled companies and large independent companies received assistance amounting to Rs. 22.78 crores—that is, 13.2% of the total. In most cases, the so-called large independent companies are foreign-controlled companies, not affiliated to any of the large big business industrial houses. It is unfortunate that not even the Report of the Industrial Licensing Policy Inquiry Committee provided the list of names of companies which received assistance from the ICICI.

The following companies have received assistance from ICICI according to information that could be collected from "Directory of Foreign Collaboration in India, Volume II, Section 2". Only those companies which have received substantial loans have been listed here.

Assistance from ICICI and Loans from Other Sources to Certain Select Industries

(In Rs. Lakhs)

Name of the Company	Loans from I.C.I.C.I.	Loans from other sources
(1) Rammon and Demn	69.68	40.0 IFCI, 8.65 IDBI
(2) Tube Investments	29.00	24.30
(3) Cable Corp. of India	55.0(	—
(4) Fort Gloster	61.07	63.00 IFC - US
	22.0(	50.00 RFCI
(5) Kirloskar Pneumatic	29.0(	—
	21.00	—
(6) Universal Cables	40.00	40.00 CDFC
		65.00 Banks
(7) W. S. Insulators	58.00	25.00 MIIC
	10.00	50.00 Punjab National
	10.00	Bank
(8) Fertilizer Project (Imperial Chemicals Industries)	19 crores ICICI, IFCI, IDBI, LIC.	1.98 crores yen credit 6.45 crores IFC, US
(9) Mysore Cements	45.00	3.60 crores Cooly loans US
(10) Digvijay Cements	50.00	47.00 IFCI
	45.00	
(11) Indian Tube	40.00	40.00 CDFC

Name of the Company	Loans from I.C.I.C.I	Loans from other sources
(12) Zeneth Steel Pipes	65.15 outstanding as on 30-4-67	
(13) Corborundum Universal	15.25 10.00 65.00	
(14) Hindustan Twyfords	27.00	25.00 IFCI
(15) India Fire Bricks and Insulation	48.24 10.88	85 00 IFCI 7.50 IFCI
(16) Mahindra Ugine	65.00	10.00 IFC, US 115.00 IFCI. 25.00 Deferred payments
(17) TISCO	71.00	20 crores G.C.I. 5.78 crores DLF/AID 80.63 crores IBRD 1.13 crores Japan credit
(18) Nirlon Synthetics		
(19) Ahmedabad Mfg. & Calico Printing	84.00	90.00 Deferred payments
(20) Ahmedabad Advance	70.00	50.00 Bank of Baroda
(21) DCM: Ryon Tyre Cord Project P.V.C. Project Stable Bleaching Powder Factory	11.25	7.35 crores AID 2.09 crores Yen. Credit
(22) Kishoram Industries and Cotton Mills: Cast Iron Project	45.39 80.00	
(23) Maffatlal Fine Spng. and Wvg. Flouring Chemical Project Manufacture of Sulphuric Acid	38.00 43.70	41.90 Power Gas Corp. U.K. 79.90 Power Gas Corp. U.K.
(24) Citric India	14.20 6.40	
(25) Hindustan Polymers	15.09	66.67 CDFC 22.00 Mercantile Bank, U.K. 54.33 IFCI

CONTINUED

Name of the Company	Loans from I C.I.C.I.	Loans from other sources
(26) Hardillia Chemicals	22.50	159 00 Exp. Imp. Bank, U. S.
		33.33 CDFC. UK
		265.00 PL 480 US
		11.55 IDBI
(27) Voltas	30.00	28.50 Continental Bank, New York
		60.00 CDFC. UK
(28) Laxmi Machine Tools	50.00	45.70 IFC. US
(29) National Organic Chemicals	110.00	12.27 crores from Shell Group of Companies
		2.00 crores IFCI
		2.00 crores LIC
		2.00 crores SBI
(30) Polyolefins Industries	30.00	140.00 IDBI
		100.00 IFCI
		80.00 LIC
		40.00 Bank of Baroda
(31) Kirloskar Engines	99.00	
(32) Madras Aluminium	9.35	400.00 from Collaborators Italy, Guaranteed by IFCI
	120.00 equity	

Source: Directory of Foreign Collaborations in India, Volume II, Section II.

It is clear from the above available list that all the industries are of foreign collaboration and quite a number of them such as Madras Aluminium, Polyolefins, National Organic Polymers, Citric India, Nirlon Synthetics, Carborundum Universal, Cawnpor Fertiliser Projects of ICI, Rammon & Denn, are all well-known foreign companies or foreign-dominated companies.

The dominant chemical industries such as Bayer, Mysore Acetate and Chemicals, Hardillia Chemicals, National Organic Chemicals, Polyolefin Industry, and the ICI Cawnpore fertiliser, are all foreign-dominated and have taken advantage of the resources of not only ICICI but also IFCI, IDBI, LIC, and the Indian Bank to mop up the meagre Indian resources for installation of their monopoly in the Indian Economy. Such has been the role of foreign capital's intrusion into financial corporations.

Without going into the details of the workings of other financial institutions which are no better than the above, we should note the total amount of foreign loans granted to various financial institutions. The total picture of foreign loans given to various financial institutions upto 1967-68 is given in the table below:

Foreign Loans to Financial Institutions upto 1967-68

(Rs. in crores)

Source	ICICI	IFC	NSIC	IBD including Refinance Corporation	Total
1. I.B.R.D.	119.95	—	—	—	119.95
2. U. S. A.					
(a) Rupee Loans	25.00	97 50	—	127.50	0.20
(b) Dollar Loans	3.73	30.00	7.50	—	1.25
3. West Germany	12.65	14.53	63	—	2.82
4. France	—	3.80	—	—	3.80
5. Japan	—	—	2.92	—	2.92
Total	161.36	85 83	16.05	127.70	390.94

Source: "External Assistance, 1967-68"

Thus every financial institution worth the name has become a happy hunting ground for foreign monopolies to gather super profits in India Even State Bank of India and Life Insurance corporation have been used by the foreign companies, such as Polyolefins, National Organic Chemicals, Bayer India, and the Indian Explosive's (subsdiary of ICI) Cawnpore fertiliser factory.

It is now clear how and why it is that foreign private capital investments have been growing with such meteoric speed in the past 10 years. With the funnelling of foreign loans to industrial establishments directly (as seen in the previous section to the extent of Rs. 459 crores) and through the Indian financial corporations (to an extent of Rs. 390 crores), close links were established between Indian bureaucratic capital and foreign finance capital. These links helped pave the way for international finance to speed up the establishment of new branches of American and other firms, to promote close ties between American and local firms, to accelerate the mixing of scarce Indian capital to promote foreign domination of the Indian industrial field, to tie the enterprises to American and imperialist monopolies.

Therefore, long-term American investments in India's corporate sector in this period gained immensely. American foreign business investments in India in 1943, immediately after the *'dawn'* of Independence were a meagre Rs. 11.2 crores, about 4 3% of the total foreign business invest-

ments amounting to Rs. 255.9 crores. By 1958, the American investments had grown to Rs. 59.9 crores (about 10.5%) out of the total of Rs. 570.0 crores ("Corporate Sector in India" by Nigam and Chauduri, page 103). By 1968, as per the Reserve Bank of India Bulletin, March 1971, American investments in India had grown to Rs. 422.3 crores which was 27.3% of the total foreign long-term business investments of Rs. 1542.8 crores.

In the same manner, West German investments which were a microscopic Rs. 10 lakhs in 1948, and even in 1958 were only 3.8 crores, shot up to Rs. 100.2 crores in 1968. It can be said without fear of contradiction that nowhere in India has there been any investment, in any new industry in which foreign capital has not laid its heavy hand, and no new industry which is not enmeshed in thousands of threads of foreign capital.

This growth has been heavily financed by the Government of India from the Central budget and by the Reserve Bank of India. The total amount of loans granted to these financial institutions by the Central government is not readily available. But the Reserve Bank Bulletin has published the liabilities of these financial corporations, as at the end of 1969–70, to the Central government and to the Reserve Bank of India. That will give an idea of how heavy a dose of finance was being injected by the Government.

Borrowings of the ICICI – IFC and IDBI from Central Government and Reserve Bank of India: As at the end of 1969–70

	RBI	GOI
1. Industrial Finance Corporation		[illegible]
2. Industrial Development Bank of India, June 1970	26.27	177.78
3. Industrial Credit and Investment Corporation	12.30	31.60
Total	38.57	290.38

The financing of these institutions is one of the methods adopted by the Government of India to place the resources of the budget at the disposal of foreign private capital for the promotion of foreign-controlled Indian companies, in which the Indian comprador bourgeoisie plays a subsidiary role.

Loan capital is playing a major role in the promotion of new industries. It would be instructive to find out what proportion of the project cost was totally met by the financial institutions taken together. But it is *"difficult to pursue this inquiry fully in the case of all institutions and all the projects they have financed"*, since no full data were available with those institutions also (Report of Industrial Licensing Policy Inquiry Committee). The report of Industrial Licensing Policy Inquiry Committee,

therefore, decided to use the data available with the IDBI since its incep-

According to the data available with the IDBI, "*we find that about 10% of the total project cost was to be met by the financial institutions. It should be noted that this does not include any market purchases by the two investment institutions in the shares and debentures of these concerns.*" (*Report of Industrial Licensing Policy Inquiry Committee* Main Report. page 174).

The reports on the Working and Administration of the Companies Act, published by the Government of India give the results of the studies on the financing of the project. "*In 1966-67, 66 companies raised 30.8% of the project cost by way of loans from financial institutions and another 2.3% of the project cost from the Government .... Further, the same institutions provided under-writing facilities as a result of which another 10% of the project cost devolved on them. The total contribution of the financial institutions in the case of these 66 companies thus amounted to about 43% of the project cost.*"

(Report of Industrial Licensing Policy Inquiry Committee, page 174).

The Economic Times, in its fifth and sixth surveys on foreign collaboration, has published data of some companies regarding envisaged project cost and amount of loan capital used from various sources, including investments of foreign private capital. A study of these data, along with the data which have been made available by IDBI to the Industrial Licensing Policy Inquiry Committee, clearly exposes the truth that the Indian financial corporations have become an instrument in the hands of foreign monopolies.

The following table is from the main report of the Industrial Licensing Policy Inquiry Committee.

(SEE FOR TABLE PAGE 118)

Project Cost of and Financial Assistance by Financial Institutions to 33 Companies

Amounts in Rs. lakhs)

House	Total Project	Total Financial Assistance	3 as Per cent of 2	Promotors' and collaborators' contribution	5 as Per cent of 2
1	2				6
Large Houses					
(1) A. A. C.	8069.0	260.0		—	—
Andrew Yule					
(2) National Co. Ltd.	140.0	90.0		—	—
Bangur					
(3) Jayasree Chemicals	336.8	99.7	29.6	63.0	18.7
(4) Andhra Paper	1126 7	310.0	27.5	250.0	22.2
(5) Shree Digvijay Cement	365.0	278.5	76 3	—	—
Birla					
(6) High Quality Steel	895.0	604.3	67 5	205.0	22.2
(7) CIMM Co.	191.0	115.5	60.5	—	—
(8) Kamini Engineering	211 6	103.5	48.9	—	—
Mafatlal					
(9) NCCIL	3887.3	1660.0	42.7	1967.3	58.6
(10) Polyolefins Industries	977.2	546.5	55.9	242.4	24.8

(CONTINUED IN PAGE 119)

India Mortgaged

Mahindra and Mahindra					
(11)[x] Mahendra Ugine Steel	850.0	444.9	52.3	151.0	17.8
Parry					
(12)[x] Hardillia Chemicals	1009.0	644.8	63.9	211.0	21.9
Tata					
(13) Tata Merlin and Gerin	226.1	117.0	51.7	76.5	33.8
Ruia					
(14) Bradbury Mills	147.4	45.0	30.0	—	—
Parry-Second Tier					
(15) Coromandel Fertilisers	3674.0	2867.4	78.0	454.5	12.4
Foreign Controlled					
(16) Associated Bearing	752.0	365.0	35.2		—
Other Companies					
(17) Madras Alloy and Stainless Steel	800.0	433.0	54.2	122.0	15.2
(18) Bharat Electrical	36.0	29.0	80 5	—	—
(19) Shree Valliappa Textiles	70.9	9.0	12.7	13.7	19.3
(20) Sandur Manganese and Iron	179.9	47.5	26.7	27.0	15.0
(21) Chowgule and Co. (P)	452.0	125.0	27.7		
(22) Incheck Tyres	277.0	228.0	82.3	50.0	18.1

(CONTINUED IN PAGE 120)

House	Total Project	Total Financial Assistance	3 as Per cent of 2	Promotors' and collaborators' contribution	5 as Per cent of 2
	1	2	3	4	5	6
(28) UTR Mfg. Industries Ltd.	93.8	83.0	88.5	24.0	25.6
(24) Madras Forging and Allied	65.0	19.0	29.2	11.0	16.9
(25) Bombay Forgings and Allied	120.0	96.0	80.0	32.5	27.1
(26) Rammon and Demn	186.3	141.7	76.1	60.9	32.7
(27) Rajprakash Spinning	66.6	39.0	58.6	13.0	19.5
(28) Uttar Pradesh Steel	127.2	68.0	43.2	45.3	28.0
(29) Solid Containers	94.0	84.0	89.4	26.0	27.6
(12) Sub-Total (Other Companies)	2698.7	1392.2	53.6	879.9	33.9
Independent Large Companies					
(30) India Cement	1729.9	350.0	20.3	—	—
(31) Union Carbide	1153.3	160.0	13.9	72.0	6.2
(32) Philips India	323.0	81.3	25.5	—	—
Sub-Total (Independent Large Cos.)	3206.2	591.3	18.5	72.0	6.2
Unspecified	1008.0	644.8	63.9	511.0	51.9
(33) Indian Mechanisation and allied	38.0	8.0	21.0	12.1	31.8
Total	28699.0	11433.8	39.3	3935.2	13.7

Source: Report of the Industrial Licensing Policy Inquiry Committee, Raja Report, pages 174–175)

A few salient features are striking :

(1) The largest amount of financial assistance was received by two foreign-controlled companies—Coromandal Fertiliser and National Organic Chemical Industries Ltd. (NOCIL)—each receiving Rs. 28.67 crores and Rs. 16.60 crores, respectively, about 30% of the total aid.

(2) The following well-known foreign companies—National Co., Ltd, NOCIL, Polyolefins, Hardillia Chemicals, Coromandel Fertilisers, Associated Bearing, Phillips India, Union Carbide, Rammon and Demn—received Rs. 64 47 crores of financial assistance amounting to more than 56% of the total assistance for all the 33 companies.

It is very clear that financial assistance in the name of industrialisation has been one of the major new forms adopted by imperialist powers to dominate the Indian industrial field and the government capital in alliance with foreign capital has *'helped'* the Indian bourgeoisie to grow into a subservient tool of the foreign monopolies.

Let us look at the data provided by the Economic Times. The following table is from the *"Directory of Foreign Collaborations Volume I*, Section 2, pages 73 to 75 and pages 88 and 89". These examples again prove the contention that the so-called international assistance for industrial development is more useful for the development of foreign private capital to 'loot' the super profits from India.

As Dr. D. A. Fitzgerald, a former high official of foreign aid in the U. S. Government had clearly explained, the objective of foreign aid was not the economic growth of the underdeveloped countries.

(SEE FOR TABLE PAGE *122*)

Project Cost and Financial Assistance by Institutions to 45 Companies

(Amount in Rs. lakhs)

Name of the Company	Project Cost	Issued Capital	Foreign Share in Issued Capital	Loans	% of loans to Project Cost
Allied International	110.0	75.0	25.0 (33.3%)	30.0 IFCI (R)	27.3
Anup Engineering	69.0	30.0	3.0 (10.0%)	18.4 IFCI (R)	26.7
Bayer India	627.1	265.0	148.4 (56.0%)	100 0 LIC (R) 50.0 ICICI (R) 212.0 Banks (R)	56.7
Chemicals and Plastics	338.9	150.0	74 4 (22.9%)	149.9 Exp. Imp. (F) 32.6 Cooley (R)	53.9
Deepak Industries	87.00	35.0	—	23.0 ICICI (F) 10.0 Bank (R)	37.9
Graphite India	346.0	125.0	25.0 (20.0%)	116 0 IFCI (R) 69.0 Cooley (R)	53 4
Gujarat Machinery	90.7	40.0	—	35.0 IFCI (R)	38.6
Hoist Mech.	51.8	35.0	—	8.0 ICICI (F) 7.0 ICICI (R)	28.7
Industrial Plants	135.0	75.0	—	50.0 Bank (R)	37.0
Indian Explosives	121.5	343.0	240.0 70%)	21.46 Hongkong & Shanghai Bank	17.7

(CONTINUED IN PAGE 123)

International Tractors	437.5	150.0	25.5 (17.0%)	69.50 Collaborator (F) 193 00 Bank (R)	60.0
India Meters	93.1	52 5	—	28.50 ICICI (F) 12 00 IFCI (R)	43.5
Jayashree Chemicals	376.8	130.0	—	9 30 IFCI (F) 30.00 Debentures (R) 54 50 SBI (R)	25.0
Micro Tools	75.0	39.5		15.00 ICICI (R) 10.00 IFCI (R)	33.3
Modipan	560.0	200.0	80.0 (40.0%)	190.00 Foreign Collaborators 170.00 Cooley (R)	64 3
Mysore Acetate Chemicals	415.0	225.0	58.5 (26.0%)	100.00 Exp. Imp. (F) 75.00 ICICI (F)	42.2
National Organic Chemicals	3887.0	740 0	400.0 (54.1%)	1227.00 Colloborator (F) 200 00 SBI (R) 725 00 IDBI (R) 200.00 IFCI (R) 200.00 LIC (R) 110.00 ICICI	69.3
Polyolefins	977.2	260.2	120.0 (33.3%)	227.80 Collaborator 140.00 IDBI (R) 100.00 IFCI (R) 80.00 LIC (R) 30 00 ICICI (R) 40.00 Banks (R)	63.2

— (CONTINUED IN PAGE 124)

Name of the Company	Project Cost	Issued Capital	Foreign Share in Issued Capital	Loans	% of loans to Project Cost
Rockweld Electrodes	29.6	15 0	(46.7%)	7.50 MHSC (R)	25.3
Shama Pistons	91.7	48.0	2.0	27.64 IFCI (F) 9.03 IFCI (R) 7.00 IDBI (R)	47.2
Sikhands	54.0	30.0	—	15.0 IFCI (R)	27.8
Scottish and Laxman	105.0	64.0	25.6 (40.0%)	26.00 IFCI (R)	24.8
Sylvania and Laxman	200.0	80.0	36.0 (45.0%)	20 00 ICICI (R) 50.00 AID (R)	35.0
Sussen Textile Bearings	200.0	60.0	15.6 (26.0%)	13.00 ICICI (F) 12 00 ICICI (R) 20.00 GFC (R)	22.5
Sundur Manganese	200.0	100.0	2.0	30 00 ICICI (R) 20.00 Bank (R)	25.0
Sivananda Steel	88.6	45.0	—	17.50 IFCI (F) 22.50 IFCI (R)	64.8
Tiwac Industries	39.5	21.0	2.2 (10.5%)	9.00 ICICI (F) 6.00 Bank (R)	38.0
Tractors and Bull-Dozers	90.0	50.0	—	25.00 ICICI (R)	27.8
Usha Forgings	56.9	25.5		19.00 RFC (R)	33.4

(CONTINUED IN PAGE 125)

Usha Talehoist	63.5	13.0	4.0 (30.8%)	9.74 ICICI (F) 12.50 ICICI (R)	35.0
Wavin India	43.0	12.5	6.3 (50.4).	18.00 MIIC (R)	41.9
Ahura Welding Electrode	17.8	9.0	0.8 (8.9%)	10.00 MIIC (R) 2.00 Banks (R)	67.4
CTR Mfg. Industries	101.0	55.0		18.00 IFCI (R) 26.00 ICICI (F)	43.5
EMCO ESTA Capacitors	120.0	112.5	2.7 (21.6%)	5.00 Banks (R)	25.0
Frick India	75.0	25.0	15.3 (61.2%)	25.00 AID (R)	33.3
Madras Forging and Allied Industries	78.2	35.0	—	15.00 MIIC (R) 10.00 ICICI	32.0
Nuboard Mfg. Co.	52.0	25.0	—	10.00 UPFC (R)	19.6
Prima Particles	81.3	31.4	17.3 (55.2%)	4.80 ICICI (R) 25.50 ICICI (F) 15.00 Banks (R)	55.8
Richardson Hindustan	225.5	50.0	27.5 (550%)	62.50 Cooley (R)	28.1

(CONTINUED IN PAGE 126)

Name of the Company	Project Cost	Issued Capital	Foreign Share in Issued Capital	Loans	% of loans to Project Cost
Snail Spanners (India Tools)	52.0	25.0	—	17.00 MSFC (R)	32.7
Shaktigarh Textile Industries	88 9	36.0	—	32.00 IFCI (R)	36.0
Tata Merlin and Gerin	234.7	94.9	14.9 (12.6%)	10.99 SBI (R) 30.00 Banks (R) 75.00 IFCI (R)	49.1
Uttar Pradesh Steels	172.2	77.5	2.0 (2.6%)	43.00 IFCI (R) 22.40 ICICI (F)	38 0
Usha Flour and General Mills	19.1	13.2	—	5.90 APSFC (R)	30.9
Total	11425.0	4123.5	1321.7	6060.84	53.04

Note The above table is from the 5th and 6th Surveys on foreign collaboration (January 1957 to December, 1965) published in the Economic Times, Bombay and reproduced by "*Directory of foreign collaborations*", *Volume I*, Section–2, pages 70 to 75 and pages 85 to 89.

In the column of loans - (R) means Rupee loans, (F) means foreign exchange loans.

Even though the table contains only 44 companies this can be taken as a representative indication in the capital structure of our Companies during that period. It is extremely instructive to study the implications dangerous to our country.

The following 15 companies out of the 44 in the table are typical foreign companies, either foreign-owned like Bayer India and Indian Explosives or foreign controlled like Graphite India and Mysore Acetate and Chemicals. It is these 15 companies that have received the utmost benefit from the loan capital that has been disbursed to these companies either by the Indian Financial Corporation or by the International Finance Capital.

15 Foreign Controlled Companies and Their Share of Total Project Cost and Total Loans

(Rupees in Lakhs)

Name of the Company	Project cost	Issued Capital	Foreign share of issued capial	Loans
(1) Bayer India	627.1	265.0	148.4	362.0
(2) Chemicals and Plastics	338.9	150.0	34.4	182.5
(3) Graphite India	346.0	125.0	25.0	185.0
(4) Indian Explosives	364.5	343.3	240.0	21.5
(5) International Tractors	437.5	150.0	25.5	262.5
(6) Modipan	560.0	200.0	80·0	360 0
(7) Mysore Acetate	415.0	225.0	58.5	175.0
(8) NOCIL	3887.0	740.0	400.0	2662 0
(9) Polyolefins	977.2	260.2	120.0	517.8
(10) Rockweld Electrodes	29.6	15.0	7.0	7 5
(11) Scottish India	105.0	64.0	25.6	26.0
(12) Sylvania and Laxman	200.0	80.0	36.0	70.0
(13) Wavin India	43.0	12.5	6.3	18.0
(14) Frick India	75.0	25.0	15.3	25.0
(15) Richardson Hindustan	225.0	50.0	27.5	62.5
Total	8630.8	2794.7	1249.5	5037.3
Total of all the 44 Companies:	11425.0	4123.5	1321.7	6060.8
Per cent of foreign Companies out of the total of 44 Companies	75.5	67.7	94.5	83.1

The facts mentioned above are most revealing. The 15 foreign companies are the biggest of the lot — their project cost is 75.5% of the total project cost of all the 44 companies studied here. The issued capital of these 15 companies is 67.7% of all the 44 companies. These 15 companies, constituting only 34.1% of the companies listed out here, have received 83.1% of the total loans received by all the companies. Much more interesting is the fact that these foreign companies have received the biggest chunk of rupee loans from the Indian Financial Corporation, the L.I C, and the State Bank of India. For example National Organic Chemicals and Polyolefins Industries have received nearly Rs 18 crores of loans from the State Bank of India, Industrial Development Bank of India, Industrial Finance Corporation of India, Life Insurance Corporation, and Industrial Credit Investment Corporation of India.

This shows how the scarce Indian capital is being made available by the Government of India, for the growth of foreign companies instead of for the growth of independent industrial development. This also shows how buraucratic capital in India and the foreign finance capital have established a close mutual relationship to loot the nation's capital resources. It is also to be noted from this table that the so-called foreign loans available for the development of industrial India are also made available mainly to foreign capital investment in this country. For example, the Export-Import Bank of the U S A., the Cooley funds of the Government of America, are also made available only to foreign-controlled companies.

Therefore, it is clear that the industrial development assistance received by India through various international sources and Governments has only made the Indian nation more dependent on foreign finance capital than even 20 years ago. Under the impact of Government of India's Five Year Plans, national resources — human, material and financial — are laid at the feet of the masters of the Indian comprador bourgeoisie, i e, the foreign finance capital, to dispose of them at their will and pleasure. The crumbs from the table of these masters are allowed to be picked up by the waiting, selected favourites of the masters. The Indian big compradore bourgeoisie subserviently and patiently waits at the table.

Industrial Loans For Maintainance Imports

We have seen in the previous two sections that direct loans to the private sector and loans through the Indian financial institutions to the private sector by foreign countries, are two major ways in which imperialist governments seek, attain, and strengthen their octopus grip on Indian industrial development. By funnelling Rs 460 crores directly into private sector industries, and by further injecting Rs. 390 crores through the Industrial Finance Corporation, we have seen how the imperialists have attained supremacy in the industrial sector.

But that is not all. This supremacy of foreign finance capital led to the increasing necessity for greater foreign loans to keep these established industries functioning.

Therefore, what are known as general - purpose loans, or non-project loans have been on the increase from Plan to Plan. The greater the assistance for the establishment of industries with foreign collaboration, the greater the necessity for foreign loans to service technical knowhow, and for imports not only for capital construction but also for raw materials and intermediate goods to feed to the established industries. It has become common enough for foreign firms in a wide range of industries to prefer a high revenue from sale to their Indian branches and subsidiaries, to allow them a uniquely favourable position to modify their accounts to their advantage. For example

> *"On account of the close links between the subsidiaries and branches of the oil companies operating in India and their affiliates abroad, the reported price of the imported crude oil may not present the actual price paid. To that extent, the profits according to these enterprises, and remitted, abroad, may be larger than they are shown to be"* (ECAFE, Quoted by Kidron, Page 226-27).

Many foreign collaborators, taking advantage of India's Foreign Exchange crisis, which has been intensifying from 1957-58, made imports contingent in the collaboration agreements. As a matter of fact *"collective ventures serve as sales outlets for the foreign partner."* (Page 265 Kidron). An important condition of the foreign collaborators is that the Indian subsidiary or associate be tied to a single source of supply. These *'sole suppliers'* agreements have been used to raise prices of the goods supplied. To cite an example: Exploitation by foreign suppliers in the case of dystuff's industry was explicitely mentioned by the Tariff Commission which reported that one quarter of Atul's output was based on raw materials and intermediaries imported at a very high price — as high as the price of the finished product on world markets, and even twice that price

The agreements with foreign collaborators are extremely Shylokian. In one instance, the wholly Indian Biochemical and Synthetic Products Ltd., is precluded from manufacturing any products other than those agreed to by Ellag Hind Pvt. Ltd., a Swiss subsidiary, and further this Indian-owned firm cannot decide as to from where it should procure the raw materials needed for its industry because, by virtue of the agreement, it is again the Swiss subsidiary which decides how raw materials should be procured.

Such kinds of *"imposed dependence on imports"* can be cited in hundreds of cases and using this condition in collaboration agreements, *"imported parts were more costly than the imported products"* as in the case of Studebaker engines assembled in India from imported parts.

In the recent past, we have witnessed the strange dependence of

'public sector' oil refinaries which are precluded by agreements from purchasing the required raw materials from any other source except the source from which the collaborator is willing to procure since, according to agreement, he is the sole import agent. *"Most public sector units have been set up with foreign collaboration and, as the case of Bharat Heavy Electricals shows, they continue to depend excessively on imported components and technicians for their working."* (Economic and Political weekly, May 29, 1971, Page 1064)

It is pertinant to remember that the foreign sector is indirectly a part of a large combine with internationol ramifications, and its problems are different from those faced by the Indian Sector. With its international ramifications, the foreign sector is more interested in co-ordinating its production and sales on the basis of all its units all over the world. Therefore, penetration of foreign capital in the industrial sector does not produce an independent industrial unity. The industries that have been established with :

> *"Technical collaboration agreements are usually (concluded) for progressive manufacture of a particular product spread over a period of 10 to 20 years. The drawbacks of this system are becoming clearer every day. All major industries depend upon ancillary industries for a large number of components... It is the usual experience that an industry established with foreign collaboration is reluctant to use indigenously produced components with the inevitable result that the ancillary manufacturer is also compelled to enter into a technical collaboration agreement with reputed foreign firms."* (Economic and Political Weekly, June 1960).

A carerul study of working of industrial units with foreign collaboration will reveal that, more than manufacturing units, they are mostly units of the processing type—dependent on imports of raw and semi-manufactured materials, or components necessary for processing, thereby making them completely dependent on imports. These foreign collaboration industries, therefore, are mainly import-intensive rather than import-saving.

A few years ago, the Tariff Commission in a caustic remark on the automobile industry had disclosed that the components purchased from the parent company proved costlier than the purchase of the whole car, which meant that the foreign collaborator reaped immense profits both ways—by charging monopoly profits for their components to the Indian economy and by sharing later in the monopoly profits of the sales of automobiles in the country.

The Pharmaceutical industry, monopolised by foreign firms, *"is still largely dependent on imported raw materials"*. Even the basic chemical industry is dominated by foreign monopolies. There have been quite a

cluster of foreign monopoly firms in India. They *"use their licences merely to provide themselves with a channel to bring into India ready-made penultimate products from the U.S.A."* to sell them "at exorbitant prices under patent monopoly." (General Sokey, "Manufacture of Modern Drugs"). *"India ranks amongst the highest priced nations in the world"* to reap super profits for the foreign monoply, as importer of basic raw materials, and as producer and seller of finished products.

The production of days reproduces the same story. According to Reserve Bank of India Bulletin of March 1962, *"the import content of the indigenously produced dyes ...contain about 55% to 60% of the imported materials"*.

Dependence on imported components in the manufacture of storage batteries, diesel engines for railways, aero-engines for air-craft frame, motors for ships, and even cotton for our textile industry, is know to all. This dependence on foreign imports—*"a continuing foreign exchange burden"* as *World Bank* analysis on the high cost of Indian cars reveals (Hindu, April 19, 1972)—is clearly evident in growing non-project general purpose aid received by the Government of India in recent years. The greater the productive capacity of our industries under collaboration, the greater will be our dependence on imports for the wheels of industries to move. Having established their industries, the foreign monopolies along with their subservient collaborators in India have been pressing the Government for greater maintenance imports, since most of the agreements with foreign collaborators *"prohibit export of articles produced in the country"*, (Economic Weekly, June 1960). Our exports are incapable of giving any assistance to import the necessary raw materials or components needed for our industry.

The very structure of our industry and trade is the major stumbling bloc to our exports. Our country's major product on line, such as tea, chemicals, automobiles, pharmaceauticals, cigarettes, dyes, electric goods, batteries and many scores more are all dependent on foreign, internationally established monopolies. The Imperial Chemicals, British Electric Company, Associated Electrical Industries, G.E C., Burma Shell, Caltex, Dunlop, Firestone, Brooke Bond, Lipton, Polsons, Cibu, Johnson and Johnson, Glaxo, Pfizer, Kaisers, Vauxhall, Nuffield and Austin, Sen Raleigh, Philips, Bata, Bayers, Coat Tyres, Cynamid, Dumex, Lever, Esso, Gramophone Co., Massey Fergusson, May and Baker, Merck and Co , Metal Box, Parsons and Wittmore, Parke Davis, Parker and Pilot, Siemens, Singer, and so on and so forth are all familiar names in India. These and many other foreign monopolies are in complete control of automobiles to cycles, radios to electric lamps, medicines to dyes, cigarettes to matches, tea, soaps and other toilets, rubber products to aluminium production, petrol, kerosene and diesel oils, and almost every item of importance produced in India.

The result is the painful experience in the export trade. This is

nothing surprising. These companies with international ramifications are monopolies. Monopoly capitalism is the result of concentration of production and centralisation of capital.

> *"A handful of gaint industrial and financial combinations have come to dominate the economics of industrial powers". "These big financial and industrial groups have an international character and were involved in the vastly profitable international trade". These monopoly groups of a handful of countries form themselves into cartels and divide the world among themselves for monopoly profits, "which has no relationship between costs and prices. Production quotas, allocation of markets, and fixation of prices are arrived at beween various monopolies through agreements. For example : The English Electric Manufacturers Association dominated by AERI and GEC came to an agreement with GEC of America and the Dutch firm phillips to divide the world market between them and restrict competition". "Such is the scale of these cartels that before the second world war, according to Leag ue of Nations Report, 42% of the world trade was estimated to be ..... influenced by them."*
>
> (*Arronovich* : "Monopoly").

Such are the ways of international monopolies. These monopolies have a field-day in our country. They control not only production and prices but also imports and exports in their own interests, as against the interests of India.

The lower the exports and the greater the imports, the balance of trade gets highly distorted. With an immense amount of repayment of loans and interest along with growing repatriation of profits, royalties, fees for technical know how, and payment for technicians' services, the balance of payments get and are getting, more and more fearfully out of control. Naturally, our international fiscal position has become such that maintenance imports cannot be paid for in normal channels and the only way out is to borrow more and more general-purpose loans.

The Annual Number of Economic Weekly, February 1963 reported that the Third Plan estimate of Rs. 3,650 crores of foreign exchange for maintainance import "*were considerably under estimated. If the industrial targets are to be realised, these imports world have to be of the order of atleast Rs 4,050 crores and not Rs. 3,650 crores. In addition, the slack execution of the plan projects*" like the expansion of steel plants and the construction of Bokaro "*would mean more imports, particularly steel; the delays taken together in various fields would raise import needs by Rs. 450 crores*" during the Third Plan. Such are the economic features

of an underdeveloped country under the rule of the big bourgeoisie, subservient to international finance capital.

Therefore, the so-called *'general purpose'* loans, *'non project'* loans etc., are the creation of the policies pursued by the big comprador bourgeoisie.

With this background let us study third important feature of foreign loans for industrial development.

The Department of Economic Affairs in its publication **"External Assistance 1967-68"** gives the following information about the assistance for maintenance imports:

(1) *"The* BELGIUM *Government for the first time pledged government to government credits in this sums of Rs. 90 lakhs and Rs. 187 lakhs in 1966-67 and 67-68, respectively, to finance import of commodities....maintainance goods of Belgium origin ...Besides the import of fertilisers agreed upon ... the credit was to be used for various types of maintenance items including steel"* (page 11).

(2) **Britain:** Kipping loans have so far amounted to Rs. 37.8 crores (till March 1968). This financing of imports of components, raw materials, and balancing capital equipment, is for British-oriented metal using and engineering industries in India (page 13). Besides *"The bulk of non-project aid"* amounting to Rs. 297.0 crores *"had been received in the form of balance of payments assistance (not tied to any specific project on identifiable use but available for purchase of a wide range of economic development goods and services)"* (page 13).

(3) **Canada:** *"has been providing not only wheat but also sorely needed non ferrous metals for maintenance requirements of the Indian economy"* amounting roughly to about Rs. 40 crores (pages 25-27).

(4) **France:** *"In addition to the project assistance of $ 13 million, non-project suplier's credit of $ 17 million was also extended by France in November 1966 "for the import of fertilisers, steel including alloy of steel, chemicals"*, and for the *"import of small equipment spare parts and requirements of Indo-French ventures"*, total credit amounting to Rs. 12.8 crores (page 60).

(5) **Japan:** *"Half of the yen credits extended during the Third Plan were for the import of equipment for major projects and the balance for import of capital goods, components, and raw materials, for Indo-Japanese ventures* During the years 1966-67 and 1967 68, however, the credits have been entirely for import of non—project items-i e ,commodities, componer ts, raw materials, spares, etc. Of these, the maintainance imports for industrial devel opment under 'spare parts, components and other materials for Indo-Japanese ventures' and 'industrial raw materials and components' amount to Rs. 16.79 crores (page 67-68).

(6) U. S. A: Till the end of March 1968, DLF/AID had extended loans for *'maintainance imports'*, 'for the development of industries in the private sector' of $ 1357 million, amounting to Rs 977 crores (page 107).

(7) International Development Association: *"The IDA has so far (till the end of March 1968) given four credits for industrial imports. The first two for a total amount of $ 190 million .... to increase the utilisation of the existing productive capacity and capital equipment, by importing materials, spare parts, components, and miscellaneous items of manufacturing equipment. The second set of two credits, total amount of $ 215 million was given .... for providing support to the import liberalisation programme and other policy measures initiated by the Government of India in the wake of devalution of the rupee in June 1966. The beneficiaries of the credits are specified private enterprises in India engaged in industries producing commercial vehicles and automotive components, machine tools and cutting tools, electrical equipment including cables and wires, agricultural tractors, ball and roller bearings, industrial and mining machinery, fertilisers and pestcides and basic non-ferrous metals."* The total amount of these four loans-first loan in 1964, the second in 1965, third and fourth in 1966-amounted to Rs. 304 crores. In 1968-69, a further credit for industrial imports to the extent of $ 125 million was granted, amounting to Rs. 93.7 crores.

The total amount of maintenance imports, from the six countries listed above and from IDA, for industrial development for private enterprises is as follows :

	Rs. crores
Belgium	2.77
Britain	334.80
France	12.80
Japan	16.79
U S.A.	977.00
Canada	40.00
IDA	304.00
IDA 1968-69	93.70
Total :	1781.86

Even without taking into consideration quite a number of other countries, such as Italy and Germany, since even an approximate break-up of figures is not readily available, a huge amount of nearly Rs. 1,800 crores has been used from foreign exchange loans for no other purpose than for maintaining the existing productive capacity of industries. It is no wonder that foreign loans and foreign private investments are used as a *'sweetener'*. Therefore, *"development has entailed a sharp increase in India's import bill in precisely the items—capital goods, industrial raw materials, and*

intermediate materials, which potential investors are interested in selling. (Kidron, page 257).

In the review of the book "International business Nagotiations" by Ashok Kapoor, in Times of India (about U S. consortiums' negotiations with India in setting up of multiple fertiliser plants) Darryl D Monte, the reviewer, explains how the U S consortium members were anxious to obtain the supply rights for all the raw materials required for the fertiliser plants in the massive programme. *"The most important of these was crude oil which was required in great quantities for naphtha, the basic feedstock for fertiliser. Leading oil companies including Shell, Esso, and Mobil, joined the consortium at different stages only because they were eager to supply the crude for the project. This was so because the margin of profit on supplying crude oil is very high For oil companies, this is easily the most lucrative of their activities much more so than exploring for oil, or refining it or even selling the final products."* (Times of India, May 30, 1971).

It is clear from this and other examples, that *"imports became contingent on finding foreign partners, or foreign intermediaries with foreign credit agencies"*. Consequently, Indian industry is not only tied to foreign technical knowhow, foreign finance, and foreign management, but is made entirely dependent on foreign imports even for production.

India not only pays interest on these loans but the form it takes—tied to individual suppliers and specific commodities to the extent of 96.8 per cent of all loans authorised—makes it expensive : *"estimates vary, but suggest that India might normally be paying anything between 6 and 15 per cent, sometimes as much as 20 to 30 per cent above the ruling prices, for aid supported imports."* (Kidron, page. 123).

The second feature that should be noted is that this vast amount is a boon to foreign-controlled companies, since almost the whole amount is for the private sector indstries, especially to what are known as collaboration companies. At a time when India's balance of payments are precarious, when the industries are not in a position to import vast quantities of raw materials needed for maintaining the existing production, these vast financial resources placed at the disposal of foreign-controlled collaboration companies, helps them to increase their sales commendably.

In the previous two sections we have noted that the direct foreign aid to private firms in the corporate sector amounted to Rs. 460 crores, loans through Indian finance corporations from foreign sources amounted to Rs. 390 crores, and in this section we have noted that foreign loans for maintenance imports to the private sector is not less than Rs 1,800 crores. Therefore, during this period (mainly from 1960) nearly Rs. 2,650 crores have been pumped into the private corporate sector by foreign governments or international institutions like IBRD or IDA.

The situation during the Fourth Five Year Plan is going to be worse. Already, during the first two years of the Fourth Plan, actual

net disbursements came to 42 per cent of the total net foreign assistance, the plan had budgetted (Economic and Political weekly, June 5-1-1971, page 1114). Even so, the necessity for greater assistance to maintain the growth of Ind an economy, is being pleaded by the Government of India. As a matter of fact "*the need for larger external assitance* through the the Aid India Club Consortium and other agencies has never been more urgent than now." (Economic Times, Editorial—June 9, 1971).

Economic Times, with great care and patience, reasons out the need for as large aid as we can get from the Aid Consortium meeting to be held later in June 1971. The two reasons it adduces for greater aid, are the result of the aid-oriented economy of India :

First, India is facing a "*heavy debt-servicing burden*": This has risen from Rs. 333 crores in 1967-68 to Rs 435 crores in 1970-71 and is expected to go upto Rs 458 crores in 1971-72.

Secondly, "*the diversification of our industrial capacity to produce a comprehensive range of industrial products has brought about a shift in import requirements towards raw materials, components, and spares. Much larger imports of such inputs have also become necessary not only to make fuller utilisation of industrial capacity but also to subject the industries to greater degree of competition. The imports which had risen from Rs. 1,582 crores in 1969-70 to Rs. 1,618 crores in 1970-71 are expected to increase by a further 5 per cent during the current year on account of the liberalised import policy announced recently.*"

(Economic times, June 9, 1971)

Therefore the greater the diversification of our industrial capacity, the greater the need for import requirements, leading to more and more aid or as Economic Times editorial has put it bluntly, the need for larger external assistance "*has never been more urgent than now*".

Is there any possib lity of India ever growing out of this vicious circle? The policies pursued by the Government of India recently gives a lie to this possibility. Foreign collaborations in the corporate sector are again on the increase. The following two, latest, examples of collaboration expose the deceptive slogan-mongering of the ruling class, that India is progressing towards building an indepenent economy and towards self-reliance.

(1) "*A licence for 50,000 cars has been given to a private party*"—none other than Sanjay Gandhi. "*As is usual with official decisions, 'technically' the licence is expected to meet the 'conditions' laid down for such licences, particularly that no foreign exchange would be involved. Apparently Sanjay Gandhi proposed to set up only the assembly portion of automobile manufacture at a total cost of Rs. 4 65 crores*". And naturally our

'patriotic' government is fully satisfied t iat a 100 per cent swadesi car will be on the roads, since, Sanjay Gandhi will not be importing, on his own, any components or raw materials needed and that he would obtain all the components indegenously from *'Indian'* ancillary manufacturers. *"The ancillary manufacturers from whom all the components are to be obtained will almost certainly need foreign exchange, both for capital goods and for current operations. But this is not taken to detract in any way from the indigenous character of Sanjay Gandhi's project"* (Economic and Political Weekly, June 5, 1971, page 1117). It is no matter even if the ancillary industry is foreign-owned and depends for its production mainly on imports, as is the case in India.

(2) Birlas have been licensed to put up a fertiliser plant at Goa, to save the country from the drain of foreign exchange. It is going to be one of the biggest fertiliser companies in the private corporate sector with an estimated capital outlay of Rs. 56 55 crores, with an annual capacity of 2 lakhs tonnes of Ammonia and 3.4 lakh tone of Urea.

Economic Times of May 13, 1970, reporting in its feature *"Focus on New Issues"* reveals the following characteristics of this Company:

> *The share of the United States Steel Corporation, the company's foreign collaborators, in the present paid-up capital stands at Rs. 2.83 crores in equity shares out of the total equity capital of Rs. 4.17 crores."*
>
> *The present issue is for Rs 11 crores (Rs. 6.87 crores, equity and Rs. 4.13 crores, preference). Of this Rs. 72.75 lakhs are reserved for the United States Steel Corporation for consideration of knowhow to be supplied by them. Another Rs. 239.25 lakhs are reserved to be allotted to International Finance Corporation. Messrs Armour and Co., have been offered shares worth Rs. 22.5 lakhs, Bank of America Rs. 75.0 lakhs, First Chicago International Finance Corporation Rs. 18.75 lakhs, and Communidade of San Coale, Goa Rs. 0.63 lakhs.*

The balance of Rs. 6.71 crores is now offered to the public.

Furthermore, this fertiliser factory of the *'Birlas'* will receive "long-term loans from abroad of Rs. 30.02 crores."

It is clear how 'Indian' is this Indian company, in which capital investment of not less than Rs. 37 crores is invested by American Bank's and the U S. Steel Corporation.

Economic Times further reports that *"the government has assured the company that it will be permitted to import naphtha in case supply by*

10 C falls short. Again, the company has been permitted to import its total requirements of phospheric acid for a period of five to seven years."

The 'Patriot's, reasoning for the establishment of this industry is unexceptional. The country's need to achieve self-sufficiency in food can hardly be overemphasised. The importance of fertilisers to fulfil this national task is unquestionable. That the import of fertilisers is a great drain of the foreign resources is a fact known to all. Therefore, the overall requirements have consistently been demanding the establishment of indigenous production to save the country from continuing the drain of foreign exchange. *"Ceasor's wife cannot be questioned"* The patriotic motives of the Birlas shall not be questioned, even if they were to establish a foreign-owned, foreign-financed, import-oriented 'swadeshi' industry. This is in the nation's interest, fulfilling a long-felt national need, even if the industry is tied to continuing imports of raw materials and components thus mortgaging its future for all time to come ! !

Such is the behaviour of compardor big bourgeoisie and its servitor, the Government of India. Such are the ways in which India has been irrevocably drawn into the vicious circle of continuing imports to make fuller utilisation of establishe industrial capacity.

Therefore, to envisage an independent industrial development of India under the rule of the big bourgeoisie, is a mirage.

In the course of my study of history, I have not come across any country which had,in such utterly slavish manner, begged for aid and alms for development of very conceivable aspect of the country's life-from elementary education to nuclear research, from poultry and piggary development to cattle breeding, from soil survey to crop production, from road and rail transport to defence, from handicrafts to machine-building, from family planning to home science.

In the name of Industrial development, India had incurred and is incurring hundreds of crores rupees of loan every year. Out of this, a major portion is handed over to foreign private investment to secure and strengthen its hold on all industrial sectors in the country. Non-project imports, or general-purpose loans as they are called, are mainly intended for import of raw materials or intermediate goods to feed the existing industries.

> *"Private foreign investment, economic aid in the form of loans and grants, unequal trade relations, discriminatory tariff and restraints, and trade embargoes, are the machanisms through which foreign monopoly capitalism pumps out surplus from India, bolsters finance capital, and exercises control over the market of India, and in the process blockades and sabotages development of productive potential of the economy and encroaches upon the poli-*

tical sovereignty of the country. In this formidable array of weapons, inter-governmental economic assistance is the strategic one." ("Problems of Economic Growth", Ranjit Das Gupta, Page 252)

To the end of September 1970, India has been allotted, by various countries and the World Bank, a total of Rs. 9,171.3 crores of loans and grants out of which Rs. 8,063.4 crores have been utilised. The thirst of Indian economy for foreign loans and grants is so unquenchable. It has the greatest growth rate. There is not a single phase or item of our life into which it has not entered.

To talk of the 'take-off' stage of the Indian economy in these circumstances is a deception of the people.

Cost of Repayment of Foreign Loans

We have noted that, with the beginning of India's balance of payments crisis in 1957–58, there has been a huge flow of aid in increasing quantities from Western countries as well as from the Soviet Union and other East European Countries. As we have already noted, major assistance has been received from the US, UK, and West Germany and from the IBRD and IDA. This growing aid has become such an unbearable burden on the Indian economy that it has become the major stumbling block inhibiting economic growth.

Today, this growing indebtendness has been responsible for a continuous drain of wealth from India.

Composition of Total Debt and the Growing Proportions of External Debts

The external debt of India has been growing so fast that the proportion of external debt to total outstanding public debt, which was a little over 1 per cent in 1950–51, rose to 16 per cent in 1960–61. It took a leap by 1970-71, the proportion of external debt to the total outstanding debt in 1970-71 being 46. 2 per cent. According to budget estimates of 1971–72, it would further rise to 47 per cent by the end of March 1972.

At the same time, the proportion of external debt to natoinal income has been growing. In 1950–51, the percentage of external debt to national income was a mere 0. 3 per cent. By 1955–56, it had come upto 1. 1, per cent.By the end of the Second Five Year Plan, 1960–61, it had risen to 5. 7 per cent and by the end of the Third Plan, that is by the end of March 1966, to 12.6 per cent. During the two non-plan years–or the years of plan holiday it has further progressed to 19.3. per cent.

The following table, prepared from the Reserve Bank of India Bulletin, May 1970 and March 1971, gives the full picture of our growing indebtedness to foreign powers, and the proportionate increase of external debt to the total public debt and to the national income.

[SEE FOR TABLE : PAGE 140]

Summary of the Debt Position as at the End of the Financial Year

(Rupees in crores)

1 As at the End of	2 Total Public Debt	3 External Debt	4 Total Internal Debt	5 National Income	6 Percentage of 3 to 5	7 Percentage of 3 to 5
1950-51	2054	32	2022	9530	0.3	1.07
1955-56	3442	113	2329	9980	1.1	4.62
1960-61	4736	761	3975	13308	5.7	6.05
1965-66	8005	2590	5415	20586	12.6	12.24
1966-67	10837	4623	6214	23647	19.6	12 66
1967-68	1195(	5401	6555	27922	19.3	17.47
1968-69	12727	5927	6800	20678[1]	20.9	16.66
1969-70	1337[1]	6141	7234	31174[1]	19.7	15.91
1970-7[1]	1404[1]	6577	7464	NA	—	16.84
1971-7[2]	1485(	6987	7869	NA	—	17.30

Source: Reserve Bank of India Bulletin, May 1970 and March 1971. The National Income for 1968-69 and 1969-70, from "Economic Survey: 1970-71: Page 78.

The growth of external debt is a profound indication of the growing crisis of India's economy. Foreign capital, whether it is loan capital or investment capital, has a cost. It has to be paid only in foreign currency, which can be done only through greater exports and lesser imports. Surplus in foreign trade is a necessity for the repayment of foreign loans.

Since the proportionate rate of growth of external debt is faster than the rate of growth of National Income, it is clear that the Indian economy is fast approaching a stage when it can no longer repay the loans it has so far incurred.

The following table from Economic Times (Dr. B. Prasad of Patna University in an article, *'Foreign Capital Has Cost'*) reveals the consistently high debt servicing charges India has been incurring in the past few years and the consistent stagnation of both industrial and agricultural production, revealing our government's anxiety to beg for loans to repay loans our production lagging far behind the repayment of loans-cum-interest, cannot cope with the problem. Neither the growth of industrial production, nor the growth of agricultural production, and hence the growth of national income, are anywhere near the rate of growth of debt service payments.

Growth in Debt Service, National Income and Agricultural Production

1 Period	2 Debt Servicing Payments (in crores of dollars)	3 Per Cent Increase in 2 over the Previous Period	4 National Income at 1948–49 Prices (in crores of rupees)	5 Per Cent Increase over Previous Period	6 Per Cent Growth in Industrial Production	7 Growth in Agricultural Production 1948–49: 100
1961–62	21.4	—	13,060	2.6	9.1	144.8
1962–63	18.6	-13.0	13,310	1.8	9.7	139.6
1963–64	22.4	20.4	13,970	4.9	8.3	143.1
1964–65	25 4	13.8	15,000	7.3	8 6	158.9
1965–66	26.3	3 9	14,660	-2.2	7.2	132.7
1966–67	31.9	21.4	14,950	1.9	-0.8	132 0
1967–68	44.4	39.2	16,281	8.9	-0 7	161.8
1968–69	49.5	11.6	16,544	1.6	6 4	159.5

Source: Economic Times: May 7, 1970 & May 8, 1970.

It is clear, from the above table, that for the past 10 years, the debt-servicing problem has been facing the country in the most serious manner Except in 1962 63, debt servicing has been continuously on the increase; it has more than doubled, whereas neither the national income nor industrial and agricultural production can achieve this *'Great Leap'*.

The repayment of foreign debt is a serious problem before India. Till March 31, 1970, total authorisation of external assistance has reached the phenomenal figure of Rs. 9,444 crores —out of which authorised loans amount to Rs. 8,862 crores (Economic Survey, 153). Further authorisations during 1970-71 amount to Rs. 736 crores (p. 153). According to the Hindu, dated June 20, 1971, India yesterday received the assurance of external assistance of $ 1,150 million for the current financial year (1971-72)— in Indian currency worth nearly Rs. 860 crores.

Total loans authorised up to 1971 by various *'friendly'* countries, for quick growth of the Indian economy, is Rs 9,598. With the aid authorised for 1971-72, the total amount will reach the grand figure of Rs ten thousand, four hundred, and fifty eight crores, by the end of March 1972.

It is no wonder that we have reached a stage when *"we have no funds with which to pay, we have no foreign exchange"* (Professor Gyan Chand : "India : A Private Enterprise", Tri continental : 1970).

It is no wonder that net aid that India is receiving will shrink fast, since repayment is growing faster. Therefore, the Indian bourgeosie and its representative, the Government of India have been pressing for more aid. Statesman, in its editorial on June 13, 1971, a week before the Aid India Club's meeting in Paris, pleaded that *"the burden of debt servicing is slated to rise by another $ 30 million to a huge $ 610 million in 1971-72, and this increase will at least have to be offset if aid availability is not to fall farther"*. The Hindu of June 18, 1971, in a news item under the heading *'consortium May Agree to India's Plea'*, writes that one of the three requests to the Consortium from India is *"the continuance of debt relief arrangements which ended with the completion of $ 300 million (Rs 525 crores) over the period of the last three years"*. The request for further loans to repay old loans is the latest plea to our *'donors'*.

The following table, from the Economic Surveys of 1969-70 and 1970-71, shows how net aid exclusive of food aid is getting reduced absolutely due to increased debt servicing, during the period after the Third Five Year Plan.

(SEE FOR TABLE : PAGE 143)

Inflow of Foreign Assistance	Net Aid after Debt Servicing				
	1966-67	1967-68	1968-69	1969-70	1970-71
(1) Gross aid disbursments	1134	1196	903	866	769
Of which food aid	420	387	213	188	131
(2) Gross aid excluding food aid :	726	866	717	711	670
(3) Total debt servicing	274	333	375	412	435
Of which :					
(a) Amortisation payments	160	211	236	268	283
(b) Interest payments	114	122	139	144	152
(4) Net aid flow (1-3)	860	863	528	454	334
	(75.8%)	(72.1%)	(58 5%)	(52.4%)	(44 6%)
(5) Net aid flow exclusive of food aid (2-3)	452	533	342	299	235
	(52 6%)	(61 8%)	(47 6%)	(42 1%)	(35.1%)

Note : Gross aid disbursements take into account debt relief, inclusive of debt resheduling, postponment etc; debt service payments relates to those involving foreign exchange.

The proportion of net aid, exclusive of food aid, is declining so fast because of increasing debt servicing charges, that our foreign exchange resources are facing an extreme crisis.

As the Economic Survey of 1970–71 pathetically reports : "*During recent years, the net inflow of foreign credit has been falling even faster than the utilisation of external assistance; debt service payments have been steadily increasing. Interest payments on, and amonetisation of external debt which together amounted to only Rs. 143 crores (in post devaluation rupees) during 1961-62 had more than doubled by 1967-68 Debt service charges have continued to rise : from Rs. 333 crores in 1967-68, they rose to Rs.436 crores by 1970-71. During 1971-72, debt service charges are estimated to reach the high level of Rs. 486 crores. For many years to come, the annual outgo of foreign exchange on account of servicing of debt already incurred will continue to be well over the level of 1970-71' that is Rs. 435 crores*" (p 62).

In the five years after the Third Five Year Plan (1966 67 to 1970-71), India has utilised foreign loans to the extent of Rs. 3,690, whereas it had paid Rs. 1,830—nearly 50 per cent of loans utilised. More and more, the debt repayments are increasing, even in relation to the national income. Debt repayments are growing faster than the growth of national income. The following table shows the sorry state of affairs that, even out of the meagre national income, a greater percentage year after year is being drained out of the country by our friendly donors making India poorer by their magnanimous assistance which did not help to the increase proportionately the agricultural or industrial production. During the Second Plan, debt servicing was only 0.20 per cent of the national income. During the Third Plan, it increased to 0.73 per cent and in the three years after the Third Plan it progressed further to 2.20 per cent of the national income in 1968-69. At the same time, debt servicing absorbs nearly 30 per cent of India's export earnings.

Debt Servicing Charges as Per Cent of National Income and Exports

Years	Debt (1) Servicing (Rs. in crores)	Net National income (2) (Rs. in crores)	Per Cent of debt Servicing in National income	Total (3) Per Cent exports (Rs. in crores)	Per Cent of debt servicing in exports
1961–62	143	13763	1.03	668.3	21.4
1965–66	227	15021	1 51	783.3	27.7
1966–67	275	15243	1.80	1079.3	25.4
1967–68	333	16660	1.98	1254.6	26.4
1968–69	376	17057	2.19	1367.4	27.4
1969–70	413	17955	2.30	1403.2	29.5
1970–71	435	N.A.		N.A.	
Total III Plan	542 6	73591	0.73	3735	14.5
Total I Plan	23.8				
Total II Plan	119.0				

The above table has been prepared from the Economic Survey 1969-70 and 1970-71.

External debts can be repaid only by exporting the commodities to foreign countries and thereby earning foreign exchange. But if exports are not more than imports, and imports are greater than exports, there will be a deficit in the foreign exchange account. It automatically leads the deficit-incurring country to ask for time to repay the deficit. It amounts to seeking loans to cover the deficit in foreign trade. If the deficit is continuous, then the question of repayment of loans does not arise, unless more loans are incurred for repayment of loans or gold is purchased in the market and exported to the countries who have given us the loans.

Due to immense amounts of growing imports, necessitated by the subservient nature of our collaboration with foreign finance capital, as noted in the previous section, our imports are more than our exports. Added to the deficit, the growing debt servicing and the increasing outgo of investment income, has imposed severe restrictions on Indian economic growth.

The following table shows the trade deficit, along with amortisation and debits in investment income, in our balance of payments account.

Foreign Exchange Drain

(In crores of Rupees)

	Trade Deficit	Investment Income	Amortisation	Total
1960–61	475.2	61.9	37.6	574.7
1965–66	566.7	134.3	74.4	775.4
1966–67	806.3	203.9	129.0	1139.2
1967–68	787.8	229.3	169.1	1186.2
1968–69	373.1	239.7	159.6	772.4
1969–70	168.4	251.6	180.8	600 8

Source: Reserve Bank Bulletin April 1971, pages 656–657.

The above figures are revealing. One factor of importance, with dangerous implications, is the growing drain of our resources in the shape of investment income which has grown by more than three times in this ten-year period—from Rs. 61.9 crores to Rs. 251.6 crores. In the same period, amortisation payments have also been growing phenomenally. During this ten-year period, payments under this head have increased by nearly five times—from Rs. 37.6 crores in 1960-61 to Rs. 180.8 crores in 1969-70. Since foreign private investments are on the increase, and since the Government has been moving about more frequently with a begging bowl on various pretexts to all available foreign capitals and international sources, these payments will increase more than what they are now.

From the recent figures of decreasing trade deficit, any one not in the know of actualities can be misled into believing that India's international

trade has turned the corner from bad to better. The trade deficit has decreased from Rs. 787.8 crorers in 1967-68 to 168.4 crores in 1969-70. This was mainly due to a reduction in maintenence imports—total imports came down phenomenally, from Rs. 2,032.8 crores in 1967-68 to Rs. 1,750.5 crores in 1968-69, and got further reduced to Rs. 1,582.3 crores in 1969-70. This fall in imports was the result of the economic crisis in industrial production. As the Economic Survey of 1969-70 points out, the economy could manage with such a low volumes of imports because of a *'slack'* in the economy and relatively *'low volume of investment activity'* during the recession and immedate post recession year. *"With the revival of industrial activity, the need for both maintenance imports as well as capital goods imports would increase."* The Economic Survey of 1970-71 again reiterates that *"much larger imports of such inputs have now become essential not only for a fuller utilisation of the existing industrial capacity. Therefore, external assistance at this stage would be most effective in promoting growth and development, if an increasing portion of it were forthcoming in the form of non-project assistance"* and further, the Government of India pleads that *"the need for debt relief....cannot be over-emphasised"* (pages 62 and 63).

Indian economy has deen brought to the stage wherein national capital accumulation has been made impossible. Its economic vitals are being squeezed in the shape of trade deficit, amortisation payments, and export of investment income for the accumulation of super profits for the international monopolies.

The nation has been reduced to a state of beggary in the international sphere.

FOREIGN PRIVATE CAPITAL

As early as in 1948, Jawaharlal Nehru, the Prime Minister of India, had guaranteed foreign capital that there would be no nationalisation of foreign capital. We have noted that "*full freedom for foreign capital*" was the declared policy of the Government.

In the post Second World War period, with the changed correlation of forces, imperialism adopted the dubious course of '*invisible*' control of the economy of the ex-colonial countries—not in the form of direct colonial possession but in the form of invasion by capital in various disguises, such as loans, grants, and private capital investments. Therefore, to study concreately the penetration and growth of imperialist monopoly capital is an important necessity and duty of all nationalists and revolutionaries, to understand the grip of foreign finance capital over the economic and political development of the country.

Lenin long ago had said :

> "*Finance capital is such a great, it may be said such a decisive force in all economic and international relations, that it is capable of subordinating to itself, and actually does subordinate to itself, even States enjoying complete political independence*".
>
> He had also analysed and proved that "*there are also a variety of forms of dependence : countries which are politically independent, but which are in fact enmeshed in a net of financial and diplomatic dependence*".

Ranade's views on the economic consequences of foreign domination were pronounced : "*The political domination of one country by another attracts far more attention than the more formidable, though unfelt, domination which the capital, enterprise, and skill of one country exercise over the trade and manufactures of another. The latter domination has an insidious effect which paralises the springs of all the various activities which together make up the life of a nation.*" ("Growth of Industries in India", page 87).

When imperialism finds that it is not able to continue both its political and economic subjugation in the form of direct '*colonisation*' because of the growing opposition of all classes of people, it has always adopted new forms of subjugation. India is no exception.

Direct investments by private foreign monopoly is one of the major means of imperialist penetration. It is now my intention to lay bare the penetration of foreign private capital into our economy and its relation to the organised production sector of our economy. It is unfortunate that a

strong tendency has grown towards underestimating the growth and octopus grip of foreign finance capital over our production system.

There are certain limitations to this study. As Kidron in a penetrating analysis in his well-known treatise on "Foreign Investments in India" remarks : "*Since Independence, the output of official statistics has grown tremendously, yet it remains difficult to map the cantours of foreign investments .....official statistics contradict each other. Mostly, however, the difficulty arises from government policy which normally permits foreign investment 'national treatment' in statistics as well as in law. With few exceptions, they are indistinguishable from purely Indian investments..... the identity of individual investors and firms is effectively concealed.*" (page 185)

The official data "*do not include banking capital*", capital engaged in construction; or growing investments in patents and similar claims to royalty payments. They do include funds owned, but not controlled from abroad, and private loans.

> "*The computation itself is not free from ambiguities, nor is it adequate to assess the full weight of foreign investments in the economy. To do this one would need to measure the value of the total assets employed by foreign controlled companies. One such estimate for 1953 showed total foreign-controlled assets as something more than twice the Reserve Bank's figure for foreign investments. Since then, official data have become less detailed and preclude a fully independent estimate; but if some of the crucial economic relationships can be assumed to have remained relatively stable in the intervening seven years, total written down foreign controlled assets in 1961 might be something over Rs. 1,400 crores*". (page 186)

Note R Palme Dutt, in his "Crisis of Britain and British Empire", writing about the increasingly active steps being taken by United States capital for the penetrating India, notes that "*U.S. capital investment is often concealed behind nominal French, Belgian, or also Indian ownership so that the official returns fall short of revealing the true position.*" (page 167)

Economic Times, which reviewed foreign collaborations in India between 1957 and 1962, had to admit that : "*while it is abundently clear that India's reliance on foreign private investments and technical, collaboration is playing an increasingly significant role in the industrialisation of the country, complete information is not available for judging the magnitude of finances which have become available in this form*". ("Directory of Foreign Collaborations in India", Volume I, Section 2, p 5). In its third survey on foreign collaborations, the same paper had to remark that : "*unfortunately, published information with regard to the agreements concluded with foreign companies is somewhat scanty. The withholding of details of agreements from the share holders and research scholars appears to be somewhat unjustified.*" ("Directory", Volume I, Section 2, page 30).

This nefarious attitude of the Government, of trying to hide from the Public the imperialist exploitataion of India, is no surprise to the revolutionaries. It only goes to show that subservience of this Government to foreign monopoly.

The Government of India has been particularly sensitive to the needs of foreign monopolists and to their subservient collaborationists in India. To clear the decks for their successful penetration, a series of steps have been consistently taken for establishing a suitable climate as per their needs and requests. According to P. J. Eldrige ("Politics of Foreign Aid in India" page 154) "*India has stage by stage improved the prospects for foreign capital.... and has established a climate.*"

Even the Industrial Policy Resolution passed by the parliament in 1956, at the time of the inauguration of the second plan, has been given a go-by. Exceptions from Schedule A and B have been common. Exceptions in the case of oil exploration, steel forgings, fertilisers, mining, add many other spheres, have been readily made to accommodate foreign interests. Even public sector industries have opened their gates wide for foreign capital, especially in the petroleum industry.

Another important factor in establishing a favourable atmosphere has been the establishment of various financial institutions by the Government of India—Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India, the State Financial Corporations, and even such institutions as the Life Insurance Corporation which have been helping with finance in establishing quite a number of major foreign controlled industries in India, such as NUCIL and ICI-controlled fertiliser factory at Kanpur.

As Kidron says : "*Foreign firms are also previleged, by and large in gaining access to cheap finance. They naturally benefit from the bias shown by almost all leading Institutions towards big, established, borrowers. In addition, they almost all have access to special loan funds set up or supported by their Home Governments to encourage exports. These include the Export Credits Guarantee Department and the Common Wealth Development finance Company in Britain, the Export Import Bank and the Development Loan Fund in the U. S., the Kreditanstalt Fur Wiederanfbau, Hermes Versicherung AG, and Deutsche Revision Und Treuhand AG of West Germany, the Compagnie d' Assurance pour la Commerce Exterieur in France, and Similar institutions in almost every capital exporting country. Although geared primarily to fostering home country exports, they are often involved in medium to long-term investments financing abroad with heavy accent on their own national's undertakings.*" (page 231).

In the prosses of attracting foreign capital, an Indian Investment Centre was established in Delhi, New York, and Dusseldorf, with the blessings and active co-operation of the Indian Government, to act as an Information Centre for both foreign and Indian businessmen, to establish con-

tacts between them, and to function as an advisory body, whose functions, in the words of P.J.Eldrige, are more in the nature of a *'marriage bureau'* (page 154).

Over a number of years, the Indian Government has afford an increasing number of specific incentives to foreign investors, such as a variety of tax concessions. Assurances have been given with regard to nationalisation and repatriation of capital and dividends. Since the Government considers that foreign investments are an important factor in the schemes of economic development, it has been granting them all the facilities that indegenous capital at present enjoys.

During this period, taxation on the people has been increased—first in the name of the development of the country and fulfilment of the Five Year Plans, and later in the name of the defence of the country. On neither counts, was foreign capital taxed. On the other hand, greater concessions for higher and quicker production were allowed to them.

The following are only a few of the tax concessions given to the cor porate sector to satisfy the investing foreign capital :

(1) TAX HOLIDAY : Profits of a new industrial undertaking are exempt from tax upto 6 per cent of capital employed for a period of five years. The dividends declared by such undertakings out of the exempt profits are also exempt from tax to the share-holders, who receive them.

(2) DEVELOPMENT REBATE : Equal to 20 per cent of the cost of the plant and machinery allowed as a deduction from the taxable income in the year of installation, in addition to depreciation allowances.

(3) TAX-FREE LOANS : Interest on loans obtained from approved foreign institutions or amounts borrowed or debts incurred abroad for import of capital equipment.

(4) CARRY-FORWARD OF LOSSES AND ALLOWANCES : If the profits of an enterprise in a year are not sufficient to absorb depreciation allowances due for that year, the unabsorbed depreciation is available for deduction from profits of the succeeding years for an unlimited period. Similarly, unabsorbed development rebate and business losses are available for carry-forward and deduction against profits for succeeding eight years.

(5) EXPENDITURE ON SCIENTIFIC RESEARCH : In the computation of business profits, capital expenditure incurred on scientific research related to the business is allowed to be spread over five years and charged to the revenue, in addition to current expenditure, which is allowed in full.

(6) ROYALTIES : Received from an Indian concern by a foreign company in pursuance of an agreement made with it on or after April 1, 1961, are charged to super-tax at a concessional rate of 50 per cent as against 63 per cent in the case of other incomes.

(7) TECHNICAL PERSONNEL : By an amendment to the finance Act 1961, newly-recruited foreign technicians are exempted from the income-tax on the renumeration made to them for the first 36 months of their stay in India. If, for a further period not exceeding 24 months, the tax in respect of his salary is paid by the employer, such tax shall not be treated as part of the technicians total incomes.

(8) The value of the periodical home leave passages, provided to the employees of foreign nationality, is excluded from their taxable income.

(9) Definite efforts have been made to remove one major barrier to foreign investment—viz, the time consuming nature of the licensing procedure.

"From the foregoing account, it would appear that India is serious in her declared policy of attracting foreign capital ..... It is also clear that, in recent years, efforts to attract foreign capital have been intensified by a great variety of means. Over a period of time, as India has honoured assurances which earlier may have appeared somewhat prefunctory, an atmosphere of political if not market confidence has been established."

("Politics of Foreign Aid", page 155)

Soviet Role in Foreign Private Capital's Penetration into India

Soviet Russia's role in India has an important influence in India's development. At one stage, Western financial circles were suspicious of the Soviet Union's role in India. But, as it became more and more clear that central to Russian foreign policy—then as now— stands political and material support for India's regime as at present constituted, (Kidron, page 119) western financial circles felt confident that aid from Russia was only to augment and not supplant that from the West.

This aspect of Russian foreign policy, of maintaining status quo, was clearly explained by Kidron in the following manner :

> *"Most of it (Eastern Bloc countries' aid) found its way to the public sector, as indeed most western aid; but some went to strengthening individual, privately owned firms....the first Russian credit was granted in the private sector to Hindustan Gas Company, Hindustan Files, Calcutta, a subsidiary, received Russian technical aid (Tariff Commission on Steel Files Industry, 1960); a private textile machinery plant was reported to be getting Russian help* (Capital, October 19, 1962); *abortive though they proved; negotiations were begun for Russia's aid in producing lorries in the private sector* (Capital, June 1, 1961).

Other East European countries had entered into 70 collaboration agreements with privately-owned firms by the end of 1964; East Germany — 38, Czechoslovakia and poland— 14 each, Hungary— 9, and Yugoslavia —5 (*Indian Investment Centre data*, reproduced in the All India Seminar, on Foreign Collaboration; factual background papers). In addition

Hungary has been reported willing to set up an aluminium plant in the private sector first in Kerala, then at Koyna, Maharashtra. (page 116)

Thus "*Support for* status quo *was made abundently clear, clearer than the Indian Government could have hoped for in their wildest dreams*" (Kidron, page 116)

Thus the revisionist policy of the Russian Government was an incentive to the Government of India to give greater and greater concessions to foreign monopolies in the private sector.

Controlling Interest

Having presented the foreign private capital the most salubrious atmosphere they have been demanding, the Government has been deceiving the people with the facile argument that generally the foreign investor is a minority share-holder and that the national interests are safe-guarded thereby. Everyone who has a basic knowledge of the functioning of the corporate sector knows that this is a false assertion. The 49 per cent rule is in practice not very meaningful. "*It is now universally recognised that the holding of a foreign collaborator in an Indian company rarely exceeds 40 per cent. In effect, any holding exceeding 25 per cent gives the foreign collaborator substantial control over the company's affairs, by enabling them to veto any special resolution of the company in a general meeting. It is well known that special resolutions are required to be passed for certain important corporate decisions. The average foreign holding is between 40 and 49 per cent. By virtue of most foreign collaboration agreements, a foreign company is given more rights than are legally available by virtue of minority holding. It is quite usual for the foreign collaborator, though holding less than 50 per cent of the equity capital, to have the right to nominate half of the total strength of the board of directors. Sometimes, it is provided that the managing director should be the nominee of the foreign collaborator. At other times it is provided that technical matters relating to production and sales should be left in the hands of a director or an officer nominated by the foreign collaborator.*"

("Directory of Foreign Collaborations in India", Volume I, Section 3, page 8).

Even P.J. Eldrige, in his book "Politics of Foreign Aid in India" is of the same opinion. He says : "*the 49 per cent rule is in practice not very meaningful. (The R.B.I. officially regards 40 per cent as controlling interest.) Control may be exercised through various means by a nominally minority partner. A majority of voting shares may be held, or through a diffusion of Indian ownership which secure that at least a small number of Indian share-holders are aquiescent to foreign control. The foreign partner may retain control over key managerial posts, and exert influence through licences, patents, provision of technical knowhow. It must also be remembered that the provision of foreign exchange is a crucial factor for any enterprise in India, giving the foreign partner an outstanding advantage, whatever his*

nominal stake." (page 151). He, in further analysing this factor, has explained why German investors give special emphasis on German technical and managerial services.

"Analysis of Indo-German collaboration projects reveals a strong emphasis on German technical and managerial services, training of Indians on formally agreed lines", etc. It is because of the *"realisation that control of technical and managerial aspects* will give effective control of an enterprise, *atleast for an initial period, even where only minor capital is held.... It must be assumed that it has special importance in her eyes."* *"This factor will play an important part in the calculations of all foreign investors, but the German viewpoint seems to display a special cynicism towards ventures which cannot be controlled by Germans, and therefore this emphasis can presumably be regarded in the form of an insurance policy on their part."* ("Politics of Foreign Aid", page 158).

Therefore, it is very difficult to draw a line of demarcation between foreign-controlled industries. As Kidron says, *"there are three major difficulties in drawing the contours of foreign control over Indian industries. One lies in the nature of official published data and in particular the complete absence of central statistics relating to inidvidual firms; the degree to which ownership is held abroad; output; capital or labour employed; the relevance of capacity ratings to performence; and so on. The second is the rapidity with which the industrial scene is changing. The third lies in the nature of control and influence t to take a-40 per cent share in the equity of a firm as threshold of control, as is done here in conformity with the Reserve Bank practice, is arbitrary enough. It becomes intolerably rigid when a firm has large non-controlling interests in complementary units in an industry—as is the case with Parsons and Wittmore, the paper group for example; or when a controlling interest in one part of an industry is coupled with consultancy interest elsewhere—as in the case of AEI or Philips; or when the holder of a minority interest is an industrial giant, very much larger than its majority partners—as happens again and again in India."* (page 188)

For example: The managing director of the Metal Box Co. of India (a foreign Subsidiary in India) Mr. H. K. S. Lindsay has this to say: *"Minority participation does not appear to have prevented the foreign partner exercising a substantial degree of control in technical and operational matters, in several important cases..... Most of the matters that affect the affairs of the company require 3/4ths majority vote because of which several foreign investors have found it unnecessary to take more than 26 per cent of the share in the equity,"* (Kidron, page 287).

"In one case —that of Biosynth Ltd.—the Tariff Commission found the company so tied to its foreign associates for raw materials and proprietary processes that no benefits whatever could accrue to it, although it was found to be wholly Indian-owned." (Kidron, page. 287).

Thus collaboration is one way of comouflaging the real power and

domination of foreign finance capital adopted by the foreign financial sharks with the active co-operation and blessings of the Government of India.

Apart from government policy, foreign investors themselves are in favour of collaboration. They find that purely foreign firms, excluding Indian business, are not always in their interest. Apart from the government policy, there are many reasons why foreign investors should favour collaboration agreements. Above all, the political need exists to obtain national status and national treatment. Local associates, with knowledge of and powerful and close contacts with the machinery and personnel of key government agencies, are essential to get quick and favourable co-operation. Collaboration provides a method of tying Indian industry to a particular brand of imports—providing the foreign collaborator with disguised exports at exorbitant prices: *"with often only small investment commitment consisting of a limited supply of equipment"*, it provides a convenient method of effecting disguised exports of semi-finished products and technical services. As the Kipping Report to British Industrialists points out, the Indian market has an enormous growth potential. The Indian market can be held only by investments—rather than by exports. Capital investment is the only effective means for the overseas firms to get through the tariff barrier for capturing the Indian market.

Foreign collaboration has spread to all industries in India. Because of the patent laws in existence, repetitive import of foreign knowhow is inevitable. The repetitive import of foreign knowhow has already become a scandal. Even the scooter factory which the government proposes to establish has to look for a suitable foreign collaborator since the existing technical knowhow cannot be made use of. Such cases of repetitive import of technical knowhow are innumerable. A few examples would show how completely dependent we are on foreign collaboration even in 1971. The following news item from the *Statesman*, December 3, 1970, reveals the nature of the subservient bourgeoisie prostrating itself before foreign capital without shame.

"Notwithstanding the government's policy of avoiding foreign collaboration in fields in which knowhow is available in this country, several such instances have been given approval in the list of proposals cleared during the quarter, July to September.

"Prominent among these collaborations is *with a Danish firm* for producing beer;

"With a *Uganda firm for producing snake-type chains;*

"With a *West German firm for making dry-cell batteries;* and *another for making cutting knives.*

"A proposal for making *golf balls* in collaboration with a British firm has also been approved. There is no knowhow in the country for this, but another old collaboration proposal which has got clearance for making improved quality of *Duplicating stencils and carbon papers.*

"Most of these have attached to them *an export commitment*, the value of which is expected over a period of time to more than compensate for the value of imported machinery and equipment; *in addition to availability for sale within the country*.

"The quarterly list of proposals approved *demonstrates clearly that foreign collaboration is not dropping*, whatever may be said about the investment climate in the country, *foreign companies are not shy of* putting capital in India.

"Among the proposals approved are those for *gent's watches* with a Czechoslovakian company and HMT's collaboration with Japanese company for manufacture of *automatic watches*, other items include *steam turbines, tractors, special steels, cranes, air-rifles, three-wheeled vehicles, and a fertiliser project*." (Statesman, December 3, 1970).

The report of the industrial licensing policy enquiry committee records that, in the manufacture of electric motors, nine Indian companies have technical collaboration arrangements with foreign firms. In the case of P. V. C. cables there are 26 cases, four of these with the same British firm. One Dutch firm has collaboration with three Indian firms for the manufacture of tubes and flourescent lamps. About 23 Indian companies have collaboration for the manufacture of switch-gears.

The latest interest of foreign collaborators seems to have been centered in the capture of all the important heights of the hotels industry. India cannot progress towards the establishment of socialist pattern of society unless hotels are financially and technically handed over to foreign finance! The following interesting developments in regard to the hotels industry reveals deceptive double-talk by the Indian bourgeoisie and its government.

HOTEL INDUSTRY AND FOREIGN COLLABORATION

(1) B. K. Hotels Private Ltd. will put up its hotel in *collaboration with the Holiday Inn of America*—in the city of Jaipur.

(2) *Indian Hotels Company Ltd*, which till 1965 owned two hotels, Taj Mahal and Green's Hotel (the latter was demolished in 1965) has taken up two major projects involving a modernisation of Taj and construction of a new building of 22 stories. It has already entered *into a collaboration with Intercontinental Hotel Corporation of the U. S. A.* for necessary technical knowhow. The total outlay is estimated at Rs. 6.30 crores which will be met mainly through term loans of Rs. 4.26 crores.

(3) *East India Hotels Ltd.* (Oberois) has entered into a collaboration agreement with *Sheraton International Incorporated of Boston, New york*, for setting up its hotel in Bombay. The foreign collaborators will render technical assistance for setting up the hotel and will invest in the company's capital. Out of the issued capital of Rs. 186.79 lakhs equity shares, Rs. 59.25 lakhs have been reserved for the foreign collaborators.

The project is estimated to cost Rs. 6.52 crores; *U.S A.I.D. would finance through a loan of Rs. 4.35 crores.*

(4) *Metropolitan Hotels Ltd.* has collaboration arrangements with *Hilton International Company, N. Y.*, to construct 'Bombay Hilton Hotel'. The project cost is put at Rs. 6.59 crores. Of the equity capital of Rs. 1.80 crores, the Indian promoters are to subscribe Rs. 84 lakhs, Hilton International Rs. 36 lakhs. *The borrowings are to be from U.S.A.I.D. funds*, loans from Indian financial institutions including foreign exchange loans from the government and ICICI.

Thus, even such industries as do not need any sophisticated technical know-how or any foreign exchange, such as the hotel industry, too, has been allowed to go into the hands of foreign monopoly capital.

It is necessary for us to examine one more example to understand how even the smallest industry such as the garments industry — to manufacture shirts and sell them has been dominated by foreign monopolies.

GARMENT INDUSTRY: The readymade garments industry, producing mainly men's shirts, which are dominated by the small scale manufacturers in the immediate Post-war period, has passed into the hands of large scale manufacturers—mostly with foreign collaboration. *"Of the estimated Rs. 12 crores worth of ready made shirts 8 large scale units under such powerful brand names as Liberty, Armour, Aristo, Binnys—acconnts for Rs. 10 crores, while 30 small manufacturers share an annual market of Rs. 2 crores."*

"The market for high-period shirts has now attracted a nineth large scale unit—Hindustan Garments Limited—*sponsored by Gokul Chand Narana Group"* in collaboration with Van Hensen of West Germany, with a turnover of Rs. 1.30 crores per year. The company has established a garment factory of Rs. 45 lakhs with a capacity of 3000 shirts a day and eight large scale manufacturers at present make an estimated 8000 shirts a day. Hindustan Garments will export 10% of its annual output.

Thus new names are paraded for old commodities. This is a well known tricks of market mechanism to deceive the people, even if it be only temporary, for the sale of its products at fancy prices. Being an agent of foreign capital and its sub-servient compradore bourgeoisie, the government of India has come forward with a new name, joint sector. What is this joint seetor ? Does it mean that the Indian bourgeoisie are joint partners of equal stature. Let us look at facts again. The country was informed that the Birlas—the friends of the Mahatma, the financiers of the National Congress, the famed nationalist industrialist of the country probably closest to the ruling party—were given a green signal to establish a fertiliser factory at Goa. How much Indian is thus Indian factory known as Birla (!!) fertiliser factory at Goa ?

A glance at the capital structure of this factory reveals the treacherous anti-national character of the joint-sector concept recently propounded.

BIRLA'S (!!) FERTILISER FACTORY AT GOA

The promoters of this factory had secured loan assistance from private banks in America, Mitsui Bank in Japan, and the International Finance Corporation. They had also secured Rs. 18.51 crores from the *'Cooley Fund'*. Owing to the need for more rupee funds, the Government had agreed to the drawal of another Rs.3.1 crores from the Cooley fund by the promoters.

There is no loan assistance from public financial institutions in India, but financial institutions like L.I.C. have agreed to underwrite about Rs. 6.71 crores for the project.

The foreign share holding in the company will be 65 per cent including 19 per cent of the IFC. Eight companies belonging to the Birla group are investing Rs. 178.50 lakhs in the equity shares.

Long-term loans from the Agency for International Development, the International Finance Corporation, and the U.S. institutional lenders, will be Rs. 39.02 crores.

The capital outlay on the project is estimated to be Rs. 56.55 crores.

	Rs. crores
Share capital	16.55
Loans foreign	39.02
Subordinate loans to be provided by U.S. Steel Corporation, and Pilani Investment Corporation	0.98
Total	56.55

This is totally a foreign-owned project under the deceptive name of *'joint sector'*. Foreign share-holding will be nearly Rs. 10 crores. Foreign loans amount to Rs. 39.02 crores. With nearly Rs. 49 crores out of Rs. 56.55 crores of the total capital outlay in foreign hands, except for the public relations purposes this can be neither a joint-sector nor Birla Project.

This policy of the joint sector is not limited to collaboration between foreign private and Indian private capital. It has also been successfully implemented by the Government of India in the so-called public sector, helping the foreign companies loot the country lock, stock and barrel. The so-called joint enterprises in the public sector have become a strong base for foreign private capital to expropriate super-profits in various forms. A single example, of the oil industry in the so-called public sector, will be enough to understand the excellent climate created for foreign capital in India.

Public Sector and Foreign Companies

The three public sector refineries at Cochin, Madras and Haldia have provided the foreign oil companies *"extra-ordinary incentives* and

concessions" according to the Shantilal Shah Committee. The result has been that the country has been paying in excess some tens of crores of rupees every year for import of crude oil over and above the international prices. The committee had reported that the Madras refinery had been paying a contracted price of 1.35 a barrel, when the international price is as little as 1.17 per barrel (Economic Times, May 13, 1970).

The committee reports (Economic Times) that "*the* Haldia agreement, *signed in September 1969 provides for the supply of 9 million tones of light Iranian crude at a not f o.b. price of 1.39 dollars per barrel*" *and the agreement is worded in such a way that the government delegation sent to Iran last month in an effort to get a reduction in price in consonance with international prices had to return home without any agreement,* (Economic Times, May 13, 1970).

The committee is also not happy about the revised agreement with Phillips Petroleum which provides for the expansion of the Cochin refinery's capacity to 3 5 million tonnes. The modified agreement contains such extraordinary incentives and concessions to Phillips that it "**provides 10 per cent return** *on Phillips share-holding, regardless of an increase in processing cost at the refinery and* **free of income-tax,** *variations in dollar and rupee exchange rate, and variations in ex-refinery prices. The guaranteed net average dividend is payable in foreign currency although the income is earned in India.*"

It is clear that, even if the refinery were to work at a loss, the foreign partner will have to be provided a minimum 10 per cent dividend on his investment and that, too, free of income tax. The concessions in the agreement go further. "Even the variations in the rates of non-recoverable dues and *any new taxes, and duties other than income-tax which the Government impose hereafter, will not have a bearing* on the maximum payment to be made by the Government in any particular year to make up the shortfall, if any, in the average net dividend payable to Phillips." The committee comments that the stipulation places Phillips outside the pale of taxation.

All stipulations put together, the concessions and incentives given to the oil companies pose the question of whether these international gangsters, under the innocuous nomenclature of '*companies*' are not super governments over and above the Government of India. And yet, the ruling class, which has mortgaged this nation to every Tom, Dick and Harry of international finance, wants us to believe and proclaim that India is an independent and sovereign nation and not a semi-colony.

Despite discoveries of huge oil reserves in the Middle-East and elsewhere in recent years, despite the Soviet offer of oil at reduced prices and payment in rupees, India is prevented from obtaining oil at competitive prices from any independent source. Despite the Damle Committee's recommendation that we should buy crude from the lowest priced suppliers, the government did not have the power to enforce this, because of the powerful intervention of international forces such as the World Bank.

Oil companies' direct or indirect, influence overwhelmed the so-called 'independent' Government of India.

Even in the establishment of refining crude in the country, the companies have succeeded in controlling the oil refinining capacity not only by increasing their own capacity in the private refineries, but by directly entering the '*public*' refineries in Cochin, Madras and Haldia. They have succeeded in keeping India at ransom. The spineless and dependent government has shamelessly bowed its head to the dictates of the international oil gangsters.

Thus it is clear that the nefarious activities of the oil monopolies exposes the economic and political dependence of our ruling class which has reduced India to the status of a semi-colony. "*Many countries, and particularly the U. S, guage a government's general attitude to foreign investment by its treatment of the oil companies*"

(Times of India, Darryl D. Monte, August 2, 1970.)

OIL IN THE PUBLIC SECTOR

(1) COCHIN REFINERY is dominated by Phillips Petroleum.

(2) MADRAS REFINERY is covered by the National Iranian oil Company and American Oil Company.

(3) OIL INDIA Ltd. is a partnership venture between the Government of India and Burma Shell with 50-50 shares.

(4) INDIAN OIL BLENDING Ltd. is established on an equal partnership basis with Mobile Petroleum of the U. S.

(5) LUBE INDIA Ltd. is a joint venture of ESSO Standard Eastern, and Government of India, on 50-50 partnership.

(6) LUBRIZOL Ltd. again is a joint venture.

(7) HYDRO CARBONS INDIA Ltd. has Phillips and ENI as partners.

(8) HALDIA is also a joint venture under the smokescreen of the public sector, the Government of India has partnership with another foreign company.

Thus India has passed the test meritoriously, by proving that its practice is quite contradictory to the proclaimed aims. While, in theory, the government is committed to the policy of overall control of the oil industry, in practice it has allowed itself to rely far too heavily on the private sector oil companies. Even the so-called public sector in the oil industry is heavily under the thumb of the oil monopolies.

Collaboration in All Fields

There is not a single industry which exists without foreign collaboration. Foreign investors are extremely happy with the existing situation. The following statement (published by the Survey of Industries by Hindu in 1966) by Mr. E. A. Midgley, minister (economic and commercial), British High Commission in India, not only gives a clue to the vastness of investment of foreign capital in India, but also expresses the satisfaction of

international finance capital at the kind of rousing reception they have been given in this country.

He expresses his country's satisfaction at the "*ingenuity and the enterprise of Indian and British industrialists*" in having "*smoothly developed a whole network of joint industrial ventures for fruitful economic cooperation. New investment in India now principally takes the form of partnership in joint manufacturing enterprises.*" He further proceeds "*to illustrate the success of this operation for both parties, it is only necessary to set out a selection list of the products (pre and post war) now made in India in some form of association with British firms : biscuits, chocolate, starch, tobacco, food colours, dyestuffs, a wide range of chemicals, fertilisers, pesticides, pharmaceuticals, toilet preparations, explosives, paints, plastics, steel tubes, casting machine-tools, small tools, diesel engines, steam and water turbines, boilers, textile machinery, contractors' plant, machanical equipment, air conditioning equipment, weighing scales, and machinery, sugar machinery, ball bearing, photographic equipment, switch-gears, wire and cables, telephone apparatus, electronic equipment, trucks and motor cars, and all their ancillary industries, tractors, aircraft, railway equipment, mining machinery, sewing equipment, cotton textiles, glass, special cements, abrasives, special-papers and boards, and so on.*" Britain's participation is not exhausted in the above list.

"*One of the most striking new additions to British investment in India will be the fertiliser plant to be build by ICI at Kanpur*", which "*will be the largest plant in India.*" (E. A. Midgley, minister economic and commercial, British High Commission in India, Hindu Survey, 1966).

That is now swadeshi industries in India have been growing, under the blessings and immense financial help of the Government of India. The following news items is an excellent illustration of the commodities '*made in India*'.

"*The balloon (that took off last week marking the inauguration of the Ballooning club of India in New Delhi) is made of German material. The net is Egyptian and the cords of Italian hemp. Its basket has been made of Indonesian reed.*" *Commenting on this news report, a correspondent writes : The only Indian material used must have been hot gas, in plentiful supply in this country*", (Statesman, 'New Delhi Note-book', November 30, 1970).

Growth of Foreign Capital

Such were the conditions created for the growth of foreign private capital in India. It is no wonder that foreign capital has had a field-day in our country.

The following Table gives the quantam of foreign investments in the private sector :

Outstanding Long-term Foreign Investments in Corporate Industrial and Commercial Enterprises

(In Rs. crores)

	As at the end of June 1948	As at the end of December 1955	As at the end of December 1960	As at the end of March 1968
(1) **Plantations:**	52.2	87 2	99.0	122.5
(2) **Mining:**	11.5	9.3	12.7	9.6
(3) **Petroleum:**	22.3	104.0	149.2	196.4
(4) **Manufacturing:**	70.7	129.1	246.0	821.6
(a) Foods etc.	10.7	29.0	34.0	44.1
(b) Textiles	28.0	21.8	22.1	66.4
(c) Machinery and machine tools	1.2	5.0	10.1	49.6
(d) Transport	1.1	3.6	7.9	84.8
(e) Metals & metal products	8.0	11.1	82.6	115.6
(f) Electrical goods & machinary	4.8	14.6	18.5	64.7
(g) Chemical & allied products	8.0	20.3	34.5	241.4
(h) Miscellaneous	9.6	23.7	36.3	115.5
(5) **Services:**	107.9	112.8	127.8	392.7
(a) Trading	43.1	26.8	29.4	53.6
(b) Construction, utilities & transport	31.8	42.7	52.8	221.9
(c) Financial	15.7	17.4	20.2	96.1
(d) Miscellaneous	17.7	25.9	25.4	21.1
Total:	264.6	442.4	634.7	1,542.8

Source : R. B. I. Bulletin, March 1971, Page 382.

A few outstanding features should be noted :

(1) These figures do not include the banking capital of foreign banks in India.

(2) During this 20-year period of *'planned development'* foreign investments in India have grown faster than during the period of colonial India. Whereas during the entire colonial era foreign investments outstanding at the end of June 1948 were Rs. 264.5 crores, it went up to Rs. 442.4 crores by the end of December 1955, rose further to Rs. 634.7 crores by the end of December 1960, and finally by the end of 1968 stood at the phenomenal level of Rs. 1,542.8 crores. If we remember that economists generally consider Reserve Bank of India data to be underestimates, we can well imagine what extraordinary growth foreign finance capital has achieved during the period of the Plans.

(3) There is a qualitative change too in the foreign investments during this period. During 1948, investments in petroleum and in manufacturing accounted for less than one-third of the total foreign investments, whereas in 1968 investments in these sectors accounted for more than two-third of the total foreign investments. The largest investment during this period has been in the manufacturing and petroleum sectors. Whereas in 1948 manufacturing accounted for only 26.7 per cent of the total foreign investments (Rs. 70.7 crores out of Rs. 264.6 crores), in 1968 investments in manufacturing accounted for nearly 53 per cent (Rs. 821.6 crores out of Rs. 1,542.8 crores).

(4) Investments through foreign official sources has been an outstanding feature during this period. Investments through foreign official institutions to strengthen and supplement foreign private investments has grown tremendously during this period. Official sources include the World Bank and its affiliates, A.I.D. and the Export-Import Bank from U.S.A., German Kreditanstaff from Germany. Whereas in 1948, there was no inflow from official sources, in 1955, inflow from official sources amounted to Rs. 14.8 crores out of Rs. 442.8 crores of foreign investment. In 1960, the outstanding investment from official sources in the private sector went up to Rs. 124.1 crores out of 634.7 crores, and by 1968 it leaped to Rs. 360.3 crores—about one-fourth of foreign investments in India in the private sector. The important role played by foreign governments and international aid bodies such as the World Bank, to streamline and help foreign monopoly capital to dominate the corporate sector is clearly evident.

American Domination Grows

Post Second World War found every other imperialist country on the mat except American imperialism. American imperialism took upon as its duty to step into the vacuum created by the total defeat of fascist powers and complete loss of financial and political hegemony of Britain and France over its colonies. During this period, this change in the correlation of forces in the international arena was evident even in India.

Imperialist aid to underdeveloped countries is mainly intended to create objective conditions necessary for further investments of foreign private capital to dominate the strategic heights of that country's economy in all aspects. The United States government, which has been the largest

aid-giver to India, made it known that "*help to India would be based on licensing or investment arrangements for mutual profit between the U.S. and Indian private enterprises instead of through loans and grants*". The World Bank, co-ordinator of imperialist aid to India through the '*Aid India Consortium*', was outspoken and clear. Uncompromising views without diplomatic ambiguity were expressed by its president Mr. Eugene Black, on every possible occasion. "*If the real benefits of industrialisation are to be obtained*", Eugene Black had reported in his address to the annual meeting of the World Bank as early as in 1955, "*Governments should undertake (industrial) ventures, if at all only as a last alternative and only after a full examination of other alternatives that exist. And, even in cases where a government may go so far as to start an industrial enterprise, I think every effort should be made to put the venture into the hands of private capital and private management as quickly as possible*". Thus the Bank had never hidden its active espousal of private enterprise, particularly foreign private enterprises. From its very inception, it has explained that its role "*was to be marginal—marginal to private international investment, and marginal to domestic investment in the member-countries themselves.*" ("The Diplomacy of Economic Development"). They did not stop at enunciating basic principles. On every possible occasion, their intervention was forthright and clear. The World Bank has a permanent mission in India to be at hand for '*consultation*' and '*advice*'. It produces yearly reports on India's economic and political situation for the benefit of the '*Aid India Club*' to review the Plans and policies of the Government of India. A series of meetings between the government of India and the administrators of the World Bank are regularly held at the end of every year before the annual budget is prepared and presented to the Indian parliament. In 1956, the World Bank "*issued a public ultimatum*" to the Government of India (Kidron, page 154). It categorically stated that it will have "*to consider the pace and scale of our further loan operation in India from time to time in the light of economic conditions and prospects and taking into consideration the economic policies pursued by your Government. On the other hand, we should have to take into account the extent and character of the impact on India's balance of payments of the service of external debt contracted from sources other than the Bank. On the other hand, our disposition to lend would be favourably influenced by the amount of external financial assistance which India obtains without incurring fixed foreign exchange obligations*". In plain words, it means that the World Bank will be favourably influenced by the amount of foreign private capital's inroads into our economy.

As early as in 1946, American finance capitalism had decided that it was its obligation "*as the largest producer, the largest sources of capital*", to "*assume the responsibility of the majority stock-holder in this corporation known as the world*" (Leo D. Welch, Secretary Treasurer of the powerful Standard Oil Company of New Jersey in 1946). Reiterating this programme as the official programme of the American State, President

Truman openly and unequivocally set forth the aims of American financial penetration and expansion in the colonial areas of the European powers. In his inaugural address in 1949, he proclaimed that America "*must embark on a bold new programme for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped countries*". An extremely fine sentiment of sympathetic, unasked-for, help to all underdeveloped countries for their improvement and growth! This fine exuberant benevolence was underscored by a programmatic call to American finance. In the same speech, the American President set forth the methods to be adopted to help the growth of backward countries. He categorically stated that, "*we should foster capital investment in areas needing development*". (January 1949).

India, the jewel of the British Crown, became the focal point of American finance capital; "*Secretary of State Dean Acheson, pressed to explain more concretely the kind of areas in mind, gave one specific instance only—India. Subsequent events testified to the rapid advance of American penetration of India, and the active schemes of the United States to displace British hegemony in the main base of the British empire, India.*" (R. Palmedutt, "Britain and the Crisis of the Empire").

The following Table gives the growth of investments from various countries in India.

Growth of Foreign Investments in India from Various Countries

(Rupees in Crores)

Country	*1955*	*1960*	*1968*
U. K.	376.8	446.4	625.5
U. S. A.	39.8	112.7	422.3
West Germany	2.5	6.8	100.2
Others including Japan	37.0	124.4	394.8
Of which Japan	—	—	82.5
Total	456.1	690.3	1542.8

Source : R. B. I. Bulletin, March 1971, Page, 381.

The most important feature to be noted in the above table in that American, West German, and Japanese investments have made such great inroads during the past few years that British supremacy has been corroded to a great extent.

In 1955, Britain continued to hold the supreme position among all foreign investors in India with 82.6 per cent of total foreign investments in the private sector. U. S. investments in that year, were barely 8.7 per cent of the total. West Germany and Japan were nowhere in the field then. But after 1955—after India exhausted sterling balances and started the begging

spree round the world capitals— foreign investments in India began to take a new sharp turn in favour of U.S A. By 1960, Britain's position among foreign investors got reduced to 64 6 per cent whereas the position of U. S. investments improved to 16.3 per cent. By 1968, there was a complete change in the correlation of forces. British position was further reduced to 40.5 per cent of the total investments of the foreign monopolies in India. U. S. A. with 27.5 per cent, West Germany with 6.4 per cent, and Japan with 5.3 per cent, had come to occupy a new stature in the field. Whereas Britain had not even doubled its investments during 1955 and 1968, the U.S A. improved its position by 11 times, West Germany by nearly 50 times, and Japan followed almost at the same rate as West Germany. According to Keating, U.S. Ambassador to India "*there are more than* 300 American affiliated companies *with manufacturing operation in India.*" (Hindu Survey of Industries, 1969, Page. 15).

Statesman, September 20, 1971, says : "*the total number of collaboration agreements with West Germany approved by the Government of India was 532 up to December, 1970; of these, 371 projects have already been implemented or are under installation*".

If investments through the World Bank in the private sector are taken to be mainly under the domination of the U.S., then the position of U. S. investments in the Indian private sector improves further to nearly 34 per cent of the total foreign private investments in India.

Investments in the manufacturing sector exhibits the greatest inflow from the foreign private capital Out of the total foreign investments in the *manufacturing* sector (of Rs. 821.6 crores as in March, 1968) U. K.'s investment was only Rs. 278.5 crores. America's investments in this sector almost equal this investment, with Rs. 272.9 crores. It is clear that it is the U. S. A., and not Britain, which is today the most dominent foreign monopoly capital in the manufacturing sector since investments in the post Second World War period have been in the most technically sophisticated industries. Japan and West Germany are the next most important investors with Rs 45.3 crores and Rs. 44.4 crores, respectively.

Strangle hold of Foreign Companies on Indian Corporate Sector

Due to paucity of adequate data, it is very difficult to correctly gauge the domination of foreign capital on the Indian corporate sector. Various methods are adopted by foreign companies to control Indian industrial production to their advantage. The foreign partner, due to various conditions attached to the collaboration agreements, controls Indian industry to an unimaginable degree. The Indian collaborators are hedged-in in umpteen ways from taking independant action in regard to production, source of supply of raw materials, sources of finance; the foreign partner does not transfer the knowhow, thus keeping the industry permanently subservient. The Indian partner is not permitted to transfer the knowhow in the name

of secrecy and patent rights; most collaboration agreements restrict exports. Thus the foreign partners enjoy a greater degree of influence and authority out of proportion to the degree of share-holding.

Foreign capital has accounted for one-fourth of the total investments in the organised private sector during the three Five Year Plans. This percentage of foreign private capital in the total organised sector naturally does not give the picture of the full octopus grip of foreign capital over Indian corporate sector. This does not mean that foreign capital controls only one-fourth of our organised sector. Even purely Indian investment was more often linked with technical collaboration agreements with foreign firms, which restrict and control import of needed raw materials, restrict exports, and expansion, except with their consent. In the last 10 years two-thirds of the entire capital raised by the private sector went into enterprises involving foreign collaboration. More often, the foreign partner enjoyed a greater degree of influence, as shown above, because of his capacity to arrange financial assistance through loans from financial institutions or banks and even rupee finance through P.L. 480, counterpart funds.

Generally, foreign-controlled firms are internationally large—they are world-renowned giants. It would be instructive to note that, in chemical and allied industries, nine out of the first ten British companies (including the first six) were active in India; In electrical engineering, six out of the first ten (including the first); in vehicles four (including the second); in textiles two (including the second); in other manufacturing two (the first two); in tobacco, two (including the first, overwhelmingly larger than any other); metal goods not elsewhere specified two (the first two); metal manufacture two (the second and the third). Of the British companies functioning in India, 20 were among the top 100 British companies. It can be very well imagined that these internationally famous industrial monopolies certainly would have immensely great control over the Indian industry in which they have been collaborating. The same on a most stupendous scale is the case with the American, German and Japanese firms functioning in India. In these circumstances, the participation of foreign finance capital in collaboration with the Indian bourgeoisie will mean nothing more than an alliance between the giants and the lilliputs.

Even so, there are those who argue that the Indian industrial pano rama has changed unmistakably towards independant development. The patent argument of those who underestimate the importance of the growth of foreign private capital is that the rate of growth of Indian capital is greater that of foreign capital. This is evidently not true. The rate of growth of foreign capital due to "*Government insistence on foreign collaboration*", sometimes even "*against the wishes of the Indian capitalists*" (Politics of Foreign Aid, page 160), has helped the growth rate of foreign capital's intrusion into the Indian corporate sector. Even though it is difficult to study this problem because of paucity of material, it is necessary to try to understand this issue to expose the anti-national character of this government and

the falsity of the propaganda of its agents. Let us look at this problem from different angles and different sources.

(1) The Ministry of Commerce and Industry listed the 100 biggest companies by total net assets in 1956-57; Subtracting government companies, the 27 foreign firms formed just under one-third of the private sector. A later, 1962, unofficial ranking of 100 largest companies, by volume of sales and net profits, includes 33 foreign companies, 2 of which—Hindustan Lever and Imperial Tobacco—are among the first five. This, in a way, shows that among the biggest Indian companies foreign companies form atleast 33 per cent of the total of big companies. This does not mean that all the other 67 companies were Indian ! Substantial foreign interests can be seen, controlling quite a number of the so-called Indian companies, through loan capital, technical knowhow, patent rights, and many other methods.

(2) According to the surveys on foreign collaboration made by **Economic Times**, the total equity and preference capital contributed by foreign collaborators in the case of large and medium size public limited companies, as per the first survey constituted about 14 per cent. The second survey up to september 1963 showed that their contribution increased to 19.5 per cent. The later survey, up to June 1965, pushed up the contribution by foreign collaborators to 22.7 per cent and the latest survey, upto December 1965, available with me, shows that their participation had grown to 24.4 per cent. Therefore, it is not true to say that the *rate of growth* of foreign capital is less than the rate of growth of Indian capital.

(3) Again, those who talk of the rate of growth of Indian capital, conveniently forget the growing grip of foreign loans and deferred payments that are gaining the upper hand in new projects. The domination of foreign funds in the form of loan and deferred payments was brought out glaringly in a survey made by the Research Bureau of Economic Times, April 18, 1971, under the significant headline **'Sharp Rise in Foreign Loans'** It says that *"foreign loans and other borrowed capital played an increasingly important role in financing new investments made in 1970-71"*. The following Table, prepared from that article, shows the growing domination of foreign loan capital in the Indian industries :

(SEE FOR TABLE : PAGE 168)

Financing of New Projects, April 1961 to March 1970

	Total for Third Plan	1966—67	1967—68	1968—69	1969—70	1970—71
Total Number of initial issues	275	39	38	34	31	33
Estimated expenditure (Rs. in lakhs)	457,39	103,95	138,25	78,66	39,89	136,49
Sources of finance :						
(1) Total capital issues	198,08	84,89	88,60	18,74	14,60	42,30
	(43.3%)	(38.0%)	(27.9%)	(25.1%)	(36.6%)	(33.9%)
(2) Deferred payments and foreign loans	80,36	8,68	88,78	87,78	3,28	40,66
	(17.5%)	(8.3%)	(28.6%)	(33.6%)	(8.6%)	(30.4%)

Whereas the percentage of foreign loans in total estimated expenditure in new projects during the Third Plan was 17.5, the percentage of foreign loans during the next five years (1966-67 to 1970-71) was 25. The importance of foreign capital in Indian industries is evidently growing. Since this Table does not include the amount of equity and preference capital of foreign collaborators, which certainly cannot be insignificant, the full picture is not readily available. But the trend is significant. This only shows how difficult it is to analyse the domination of foreign capital in Indian industry since required data are generally not available.

(4) According to Kidron, "*neither increasing collaboration nor Indianisation of foreign investment has resulted in a diminution in foreign control of Indian projects. On the contrary, controlled business investments, as defined by the Reserve Bank of India, rose from 79.4 per cent of the total in mid-1948 to 99.1 per cent at the end of 1961. Nor was the desire lessened. Using a far less comprehensive definition of control than the Reserve Bank's, and taking no account of prior rejections or amendments by the Capital Issues Committee—both of which must result in gross understatement of the results—control was permitted to rest with the foreign collaborator in 169 out of 324 possible cases between April 1956 and December 1964—or 52 per cent of the cases, accounting for 42 per cent of the authorised capital*" (Kidron, Page 274).

(5) The domination of foreign capital in the Indian corporate sector was studied in relation to large-sized companies (companies with a paid-up capital of Rs. 50 lakhs and above) by the research and statistics division of the Company Law Administration and published in Company News and Notes of January 1964. Its results are revealing. In all, there were 596 large-sized companies in 1963, foreign branches functioning in our country are excluded in this list, as they happen to be catagorised as companies incorporated outside India with established business in India. They were companies incorporated in India. Of these, 596 large-sized companies, 64 happened to be subsidiaries of foreign companies, as per section 4 of the Companies Act.

The following Table presents the position of foreign companies in various industries and the extent of dependence of the country on foreign capital in some of the industries of India. The Research Bureau points out that the list of foreign subsidiaries "*has been prepared only on the basis of equity capital supplied by foreign companies*". "*It does not indicate the dependence of Indian industries on foreign loan capital obtained either from Government sources or non-Government sources.*"-Even so, this table reveals certain startling facts :

(SEE FOR TABLE : PAGE 170)

Large-sized Foreign Companies—Industry-wise

Foreign Subsidiaries with Paid up Capital of Rs. 50 lakhs and Above.				Companies with Paid-up Capital of Rs. 50 lakhs and Above				
Name of the industry	No. of Companies	Paid-up Capital (Rs. in lakhs)	Net Assets (Rs. in lakhs)	No. of Com-panies	Paid up Capital (Rs. in lakhs)	Net Assets (Rs. in	(3) as % of (6)	(4) as % of (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Tea (including processing & manufacturing)	2	217.50	1687.75	10	891.37	3284.09	24.4	51.4
Hydrogenated oil	1	50.00	458.75	5	382.03	1368.03	13.1	33.1
Dairy products	1	92.76	172.12	1	92.76	172.12	100.0	100.0
Bakeries and Confectionaries	1	69.11	295.79	1	69.11	295.79	100.0	100.0
Cigarettes	3	1715.54	3778.22	4	1840.49	4230.42	93.2	89.3
Thread and thread ball making	1	200.00	303.09	1	200.00	303.09	100.0	100.0
Other textile industries such as cotton card clothing etc.	1	63.00	143.32	2	142.78	310.37	44.1	46.2
Footwear	1	100.00	929.81	1	100.00	929.81	100.0	100.0
Iron & steel (basic mfg.)	3	788.11	2300.23	21	53243.12	25598.78	1.5	1.8
Non-ferrous metals (basic mfg.)	1	640.44	2182.01	5	2266.21	6000.24	28.3	36.4
Motor vehicles	1	497.11	1065.13	14	3298.10	9931.78	15.1	10.7

[CONTINUED IN PAGE 171]

India Mortgaged

Electric lamps	1	220.00	894.63	2	270.00	1070.97	81.5	83.5
Bicycles	1	250.00	848.88	3	478.55	1674.19	52.2	50.7
Other electric machineries, apparatus, appliances, etc.	7	907.40	3676.05	29	7213.06	23187.28	12.6	15 9
Machineries, apparatus other than transport & electrical	3	226.01	723.20	33	12733.78	30722.96	1.8	2.4
Miscellaneous metal products	2	752.00	1498.31	17	1886.94	5356.88	39.9	28.0
Explosives & fireworks	1	300.00	834.76	1	300.00	834.76	100.0	100.0
Synthetic resins & Plastics materials	1	341.00	1184.31	5	1296.08	4521.28	26.3	26.2
Medical & pharmaceutical preparations	9	994.49	4305.89	13	2650.14	7318.57	37.5	58.8
Washing soaps & other washing and cleaning compounds	1	824.36	1992.25	2	959.37	2949.46	85.9	67.7
Paints, varnishes & allied products	3	203.19	543.61	3	203.19	543.61	100.0	100.0
Matches	1	275.00	775.26	1	275.00	775.26	100.0	100.0
Kerosene & petroleum refineries	2	750.00	4387.55	6	6295.28	19514.63	11.9	22.5

(CONTINUED IN PAGE 172)

Name of the Industry	Foreign Subsidiaries with Paid-up Capital of Rs. 50 lakhs and Above. No. of Companies	Paid up Capital (Rs. in lakhs)	Net Assets (Rs. in (lakhs)	Companies with Paid-up Capital of Rs. 50 lakhs and Above No. of Companies	Paid up Capital (Rs. in lakhs)	Net Assets (Rs. in lakhs)	(3) as % of (6)	(4) as % of (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Glass & glassware	1	80.00	244.94	8	733.69	1490.71	10.9	16.4
Asbestos and asbestos cement products	1	185.00	573.09	1	185.00	573.09	100.0	100.0
Rubber and rubber manufactures	4	1106.15	4797.66	8	1604.53	6390.99	68.9	75.1
Pulp, paper & paper board	1	200.00	387.29	19	4544.85	14165.31	4.4	2.7
Other utility items, as gas works & steam supply	1	364.00	1213.31	3	644.28	1548.07	56.5	78.3
Wholesale trade other than food stuffs	6	570.00	3360.62	28	3427.67	17360.84	16.6	19.4
Mangerial services	1	250.00	350.05	9	953.00	1803.74	26.2	19.4
Transport & communication (Ex. incidental service)	1	100.00	171.61	1	100.00	171.61	100.0	100.0
Grand Total	64	13332.17	46088.19	257	109280.38	294402.73	12.2	15.7

Source : Economic Times, '*Large Foreign Companies in India* 1963–64'.

What does the above Table reveal?

(1) It would be seen from the above table that, in nine industries, such as dairy products, bakeries, and confectioneries, thread ball making, footwear, explosives and fire works, paint and varnishes, matches, asbestos, and transport and communication services, we have only large-sized foreign companies and there is no Indian company in these industries with a paid-up capital exceeding Rs. 50 lakhs.

(2) It would also be seen from the above table that, in eight industries, i.e., tea, cigarretes, bicycles, electric lamps, pharmaceauticals, washing soaps and detergents, rubber manufactures utility items (such as gas works and steam supply), the assets of foreign companies exceed 50 per cent but less than 100 per cent of the assets of all large sized companies.

(3) It would also be seen that, in hydrogenated oil, one foreign company owns 33.1 per cent of the total assets, whereas five Indian companies own 66.9 per cent of the total assets. In the same manner, in industries such as cotton card clothing, non-ferrous metals, and miscellaneous metal products, the foreign companies are bigger in size than the Indian companies.

Therefore, it becomes clear that even though foreign capital may be less than Indian capital, the foreign sector dominates the scene due to its hold on the largest companies in India.

(4) It is unfortunate that there are no correct figures available as to the number of foreign branches or foreign subsidiary companies functioning in India along with the necessary data regarding finances, production, sales etc., to analyse their share in the total Indian corporate sector. According to Company News and Views, No's 15 and 16, 1970, the number of foreign branches at work in India, as on March, 1970, were 529, with assets worth Rs. 1,285.9 crores; Apart from the branches, there are 223 Indian subsidiaries of foreign companies functioning in India, with assets amounting to Rs. 1,129.4 crores. (Unfortunately, these figures do not tally with the figures given by the Industrial Licensing Policy Inquiry Committee, which accounts for lesser number of branches and more subsidiaries—288 branches and 243 subsidiaries. It only goes to show how difficult it has become to study the tightening octopus grip of foreign capital in the Indian economy.

According to the special article in Company News and Views, *"the foreign holding companies together hold Rs. 161.8 crores out of an equity capital of Rs. 240 7 crores of 233 Indian subsidiaries at work as on March, 31, 1969"*. But the net assets of these subsidiaries aggregated Rs. 1129.14 crores. *"It may, therefore, be said that with a capital investment of only 14.3 per cent of the total capital employed by these companies, the foreign-holding companies are in a position to exercise effective control over them"*. Therefore, to just take only the amount of the total foreign investment into consideration and be satisfied that it is after all only 25 per cent of the Indian corporate sector and so does not dominate the Indian economy is to deceive oneself and deceive others.

(5) Let us look at this problem from another source. According to the report of the Industrial Licensing Policy Enquiry Committee (Appendices, Volume (II) there are 112 companies each with assets of Rs. 10 crores and above. Of these, 48 companies were either foreign branches or were Indian subsidiaries of foreign companies, 48 companies were mainly Indian owned and can be said to be Indian-controlled; the rest of the 12 companies with extremely heavy foreign loans and equity capital were in all essence foreign-controlled. Thus nearly 43 per cent of the companies were foreign companies 14 per cent of the Companies were foreign-controlled companies. (Even among the so-called 48 Indian-owned companies, in quite a number of them foreign control is heavy, due to restrictive collaboration agreements or heavy doses of foreign loans Thus we find that among the biggest companies in India, a minimum of 57 per cent of the companies belong to foreign capital.

Total assets of all these companies in 1966 amounted to Rs. 2552.29 crores; 48 concerns belonging to foreign finance capital accounted for Rs. 973.25 crores; and the 14 foreign-controlled companies had assets worth Rs. 397.60 crores. Thus foreign-owned and foreign-controlled companies owned and controlled 53.7 per cent of the assets of the giant companies.

Who can say that Indian industry today is more independant than before the Plan period? If further details of the capital structure of Indian industries are made available, and if the collaboration agreements are fully published, one should not be surprised to find that this classification is an understatement.

(6) One big company is capable of dominating hundreds of small companies in any particular industry: because, a few bigger firms are not only equivalent to, but extremely superior to, hundreds of smaller firms. Therefore, a few big foreign monopolies are capable of controlling the entire sector. For example, National Herald of November 17, 1970, reports *"that a review of the inter-ministerial group in June this year has revealed that 64 foreign drug manufacturers, out of a total of 2300 in the country, control 82 per cent of the total turnover"*—i.e., less than 3 per cent of the firms (belonging to foreign finance) produce 82 per cent of the drugs in the country.

In the same manner, according to Economic Times, September 17, 1970, *"a small number of large-scale firms with foreign collaborations control the instruments industry in India. The industry is dominated by a small number of large-scale firms, 7 per cent of them producing nearly 65 per cent of the total output."*

While, in the pre-'Independence' and immediate post-'Independence' periods, the existing instruments industry was overwhelmingly based on local designs and knowhow, the emphasis shifted almost to the other extreme during the decade 1956—65.

During this period, foreign technology constituted the basis of much of the Industrial output in this field. *"Firms having foreign collaboration agreements were three times larger than average, whether by employment*

or sales ..... Indeed, one prominent manufacturers of relatively advanced electronic instruments maintained strongly that, to his knowledge, many foreign collaboration agreements were unnecessary in the sense that a little ingenuity on the part of the indigenous manufacturer would have solved the problem. He also maintained that what was very often sought was the brand name, rather than foreign technology." (Economic Times, *September 17, 1970*).

(7) Let us look at this problem from one more source and one more angle. The assets of foreign companies as per the Reserve Bank of India's annual reports on finances of foreign-controlled companies, published yearly, shows that the rate of growth of foreign companies is faster than that of the Indian-controlled companies. The following table shows the growth of assets of foreign-controlled companies in comparison with Indian-controlled public and private limited companies, as reported in R.B.I. Bulletins (June 1968, June 1970, and March 1971) :

Growth of Gross Fixed Assets Formation

(per cent per annum)

	Foreign-Controlled Rupee Loans	Indian-Controlled Public and Private Ltd. Companies
1958	15.4	11.2
1959	8.8	7.5
1960	9.4	8.1
1965-66	11.4	8.7
1966-67	13.9	9.2
1967-68	9.1	8.9

Thus, from whatever angle one perceives this problem, any honest person will necessarily come to the conclusion that India continues to be the unrestricted hunting ground for amassing super-profits by foreign finance and that in this great game it is the foreign finance capital that receives the biggest cake—leaving a smaller one to its subordinate, Indian finance. Yet, if one were to characterise this state of affairs as semi-colonial one can be immidiately called 'Dogmatist' by the rivisionists and 'traitors', by the ruling class.

Loosening the Gordian's Knot

In trying to study the international finance capital's octopus grip on the Indian economy in general and Indian industries in particular, we must keep in mind the great secrecy which is maintained even in the official data, to conceal "*the contours of foreign investment*". As Kidron, in his detailed survey of "Foreign investments in India" ruefully remarks : "*Official series often contradict each other. Mostly, however, the difficulty arises from government policy, which normally permits foreign investments natio-*

nal treatment in statistics as well as in law. With few exceptions, they are indistinguishable from purely Indian investments ...the identity of investors and firms is effectively concealed".

Therefore, it is my duty to try to loosen the Gordian knot, to reveal the true state of affairs. In 1966, out of 26,895 public and private limited companies in India, the giant companies, each with assests of Rs. 5 crores and more, numbered only 252—forming not even one per cent (0.93 per cent) of the total number of companies. Of these, 58 companies, as per the Industrial Licensing policy Enquiry Committee, are subsidiaries or branches of foreign companies. That is, nearly 23 per cent of the giant companies are either subsidiaries or branches of foreign monopolies. These 252 giant companies own Rs. 3,407 crores of assests, of which the 58 foreign companies own Rs. 947 crores, or nearly 28 per cent of the total assets of the giant companies.

Does the above reveal the true state of affairs? In my opinion, it certainly does not. The following, in my opinion, reveals the truth:

Among those companies categorised by the Industrial Licensing Policy Enquiry Committee as *'Large Independent companies'*, the following five companies are definite foreign concerns:

1.	Indian Cable Company	subsidiary of British Insulated Calendar Co., U. K. (Kidron, page 202).
2.	Larsen & Toubrou:	Foreign firm (Kidron, page 206).
3.	Sen-Raleigh:	Raleigh Industries Limited U. K., Hold 51 per cent of the paid-up capital. (Eastern Economist, March 15, 1963)
4.	Utkal Machinary:	"A West German Subidiary"(Kidron page 209). 66-23 per cent of shares are alloted to three West German Companies.
5.	Vazir Sultan Co.	Subsidiary of Raleigh Investment Co., U.K.

The five companies, together, own roughly Rs. 47 crores.

Among companies which are categorised among larger industrial houses, at least the following nine are definitely foreign companies:

		(Rs. crores)
1.	A.C.C. Vickers Babcock (Kidron, page 207) foreign unit	15 47
2.	Bengal Coal (Andrew Yule)	11.75
3.	Bird & Co. (Bird Heilger)	6.61
4.	Burrakur Coal (Bird Heilger)	6.51
5.	Titagurh paper (Bird Heilger)	13.50

6.	Bengal paper (foreign company) (H Venkata subbaiah, page 166)	8.54
7.	Ahmedabad Electric (British) (H. Venkata subbaiah, page 155)	22.23
8.	Kohinoor Mills (Foreign) (H. Venkata subbaiah, page 163)	5.19
9.	Crompton Greaves (Greaves Cotton & Crompton Parkinson of U.K. hold 50 per cent of equity capital each)	9.23
	Total Assets	99.03

These nine companies own nearly Rs. 100 crores of assets.

Out of the companies in large industrial houses the following are foreign companies :

		Rs. crores
1.	Madhura Mills	15.68
2.	Balmir Lawrie	5.42
3.	Braith waite & Co	9.09
4.	Jardine Handerson	9.45
5.	Siemens' Engineering Co.	16.53
6.	Bangalore Woolen, Cotton & Silk Mills	5.25
7.	Equitable Coal	5.01
8.	Hardillia Chemicals	7.23
9.	Coromandal Fertilisers	11.71
10.	Rallis India	12.93
11.	Shaw-Wallace	8.72
12.	Tinplate of India	5.57
13.	Simpson & Co. (foreign) (Kidron, page 236)	10.73
14.	Wheels India 'Dunlop'	5.15
15.	Lodna Colliery	6.50
16.	Turner Morrison	5.21
17.	Bombay Burman Trading Co.	9.60
	Total Assets :	169.78

These 17 foreign companies, listed under large industrial houses, own Rs. 170 crores of assets.

Therefore, out of 252 companies listed in the Industrial Policy Licensing Enquiry Committee report, each owning assets of Rs. 5 crores and more, 89 companies are foreign companies, i.e., about 35 per cent of the companies are foreign-owned.

Out of Rs. 3,407 crores of assets owned by all the 252 companies, foreign-owned companies are in control of Rs. 1,263 crores amounting to 37 per cent. Does it mean or indicate that the rest of the capital to an ex-

tent of Rs. 2,144 crores can be accounted as Indian capital or that the rest of the companies can be called Indian—owned, financed, controlled, and managed, by the Indian nationals ? Obviously, it is not so. As we have previously noted, there are multiple forms of actual control by foreign companies other than formally proclaimed control

The terms of agreement with foreign companies are a source to understand the actual control of a company in matters of control of raw material, the quantity of production, the areas of sale, the fixing of prices, acumulation of capital and methods of expenditure. Other than these, loan capital from imperialist countries has become the *most powerful* factor in the private sector.

We shall try to analyse a few of the rest of the companies from this aspect and see to what extent our '*giants*' are dependent upon international finance capital—almost subservient to it. *"The paid-up capital forms only a part (some times quite small) of the total, and cannot, therefore, be taken as an appropriate indication of the existence or furtherance of concentration." "It would probably be interesting to analyse the sources from which funds were obtained by these industrial houses"* to gain an understanding of the true control over a particular company. (Company News and Views, page 6, May 1970). On this basis, let us analyse first a few companies which are said to be owned by the well-known nationalist industrialist of India.

(1) **Hindustan Aluminium :** This is the biggest unit of the Birla House. Its total assets in 1966 were Rs. 49.30 crores. Its paid-up was only Rs. 9.99 crores. The assets were five times more than the paid-up capital. Kaisers, one of the biggest world magnates is a minority share-holder. But "*Kaiser Aluminium and Chemical Corpration also handled a loan from the U.S. Export Import Bank*". Hindustan Aluminium was almost entirely built, and is being expanded, with funds in the form of loans provided from America. It has so far been in receipt of three loans from Cooley funds, popularly known as P.L. 480 funds, in 1960, in 1964, and in 1966, totalling Rs. 5 crores in Indian currency. The Export Import Bank of America has further provided three loans in 1960, 1963, and 1965, in foreign exchange to the extent of $ 29.65 million equivalent to Rs. 22 35 crores. Other than these loans, the Americans have also provided loans to Renusagar Power Company, which supplies electric power to Hindustan Aluminium—of Rs. 4 79 crores. Hindustan Aluminium alone has received, to the extent I am able to gather, more than Rs. 27 crores of loans from international finance capital through P.L. 480 funds and the Export Import Bank. To name this concern as part of Birla House and therefore call it '*Indian-owned*' is nothing but public deception.

(2) **Hindustan Motors :** This is the next biggest unit in the Birla fold. The controlling equity block of Birlas was less than 20 per cent. Yet, with a wide disbursal of capital, it can be controlled by the Birlas. But the state of affairs of this company, again, is most revealing. This company has also been living entirely on loans from D.L.F/AID funds from the

U.S. Three loans—one in 1962, again two loans in 1965—totalling $ 41.75 million, equivalent to Rs. 31 crores, have been funnelled into this unit, thereby the entire unit is mortgaged to the Agency for International Development.

(3) Orient Paper Mills : This Birla industry is the biggest paper manufacturing unit in the private sector. *'Indian owned'* and that, too, owned by a *'nationalist'* who prides himself as having been very close to the *'Father of the Nation'*. This unit is the third biggest unit in the Birla empire. The total assets of this unit are Rs. 28.70 crores. This unit, too, has been built only on the basis of the loans from the Export Import Bank of the U.S A., which has given $ 18.50 million in 1965-66—equivalent to Rs. 13.87 crores.

It is enough to understand the nature of Birla industries which have grown into an immense empire in the post-Independence era. That the Birla empire is nothing but foreign-dominated will be clearer if only we are able to get complete details of the investments made in various companies by foreign finance capital and if we are able to get hold of the collaboration agreements which the Birlas have signed (of course, with the blessings of the Government of India) with foreign monopoly capital. It is unfortunate that the Government of India is screening the details of this and other empires built in India, refusing to publish the details in a cogent form.

(4) Synthetics and Chemicals : This company is known to belong to Kilachands. One of the world's biggest industry, Firestone Tyre & Rubber Co., owns equity shares worth Rs. 1.13 crores (as in 1960) as against the holdings of Rs. 1.72 crores of Kilachand and his friends. For any ordinary person, it will look as though Kilachands are the real owners of this company. But the Firestone Company of U.S.A., advanced $ 56,25,000 in 1960—part of it as its share capital and the rest as loan. In the same year, three banks in America agreed to advance $ 60 lakhs as loan —nearly Rs. 2.50 crores. Again, in 1961, the U. S. government through PL 480 advanced a loan of Rs. 3.90 crores and further in 1962 Rs. 1 50 crores. In 1964 Firestone of U.S A. loaned to this *'Indian company'* a sum of Rs. 47.50 lakhs in Indian currency and $ 22,10,522 in American currency. The assets of this company, in 1966, were Rs. 18 crores. 'Can anyone in his senses call this an Indian company ? Is it not clear that this is an American-controlled and American-managed company ?

(5) National Organic Chemicals : Let us now take the interesting case of Mafatlals. It is national in name but in actuality a subsidiary of Royal Dutch Shell Group of companies. This company's total assets in 1966 were Rs. 13.80 crores. Shell Company is one of the world's most powerful oil monopolists. This foreign company as per the agreement in 1965, has agreed to advance a loan of £ 9.2 million, in sterling, equivalent to Rs. 12.2 crores. It is no wonder that due to collaboration, such as this, in the course of the past 10 years, Mafatlals have shot into being one of the biggest monopolies of India. How much Indian this growth is, how healthy it is, and whether it is in the interest of

national economy, can be very easily judged by any doctor of Indian finance.

(6) **Indian Iron & Steel Company :** It is known as Martin Burns Company. Martin Burn is an Indo-British concern in which Mortin holds 40 per cent, Mukherji 37 per cent, and Banerji 14 per cent of the controlling block (Hazari). Therefore, Indian Iron is an Indo-British concern. The total assets of this company were Rs. 104 crores. Four loans, amounting to $ 98.65 million, have been granted by the World Bank to this company (equivalent to Rs. 74 crores) for the expansion and modernisation of this company, out of which $ 61.57 million had been drawn upto March 1968. It is evident that Indian Iron even initially is not an indigenous concern, but an Indo-British concern, with British capitals as major share-holder in Martin-Burn which controls Indian Iron. Added to this, the World Bank through funnelling loans has become the most important outside agency controlling the majority of assets.

(7) **Tata Iron & Steel Co. :** Is known as the biggest Indian industry in the country. We have no knowledge as to how much of the equity capital of this company is in the hands of any foreign concern. Tatas are minority holders of shares. Such public sector concerns, as L.I.C., hold not less than one-fourth of the share capital of this company. TISCO too has mortgaged itself to foreign finance capital in the name of expansion. Its total assets in 1966 amounted to Rs. 163.24 crores. The loans this company has incurred amount to not less than Rs. 86 crores. The following are the loans from the World Bank and DLF/AID :

On June 26, 1956, World Bank gave a loan of $ 75 million.

On October 20, 1957, World Bank gave a loan of $ 32.50 million.

On October 21, 1963, DLF/AID gave a loan of $ 7.70 million.

These three loans, were equivalent to Rs. 86.56 crores. It is well to remember that the Government of India gave a loan of Rs. 20 crores to this company. A loan from the World Bank is always hedged with innumerable conditions. As B. K. Nehru put it, "*as far as the United States is concerned, there is a very considerable degree of end-use reporting and seeing that things are done as they were promised to be done, and there is quite an army of American officials carrying on this kind of supervision*" whenever D.L.F./A.I.D. loans are given to any company. In the case of loans from the World Bank, "*extensive system of controls*" are maintained, the Bank taking "*a more active part in actual administration of projects*". "*If assistance is given on a substantial and continuous basis, regular administrative machinery must be established to vet the requests, negotiate agreements, disburse funds, check administration of projects at every stage and submit reports to authorities and legislative bodies at home.*"

("Politics of Foreign Aid", pages 45,68,78)

Thus a plethora of reports are to be presented year after year both

to the World Bank and the D L F. regarding management, production, sales, prices, labour relations, accounts etc. The World Bank and its officials have a right to check and re-check any aspect of a problem whenever they wish. The power of the World Bank, it seems, in the inner mechanism of the functioning of this industry is much more powerful and deep than even the power of the Government of India. Before proceeding to any other case for examination, let us examine two more concerns belonging to Tatas.

(8) TELCO : Tata Engineering and Locomotive Company is the second biggest Tata concern involving Rs. 78.36 crores of assets. By 1958, Benz of Germany had acquired 16 per cent of equity, (Hazari, page 46). It is said that this collaboration with Benz paved the way for future collaboration agreements with foreign capital in India. *"It would be true to say that when Daimler Benz of Germany and Telco of India put their resources together to produce their famous Diesel engine vehicles in India, the post war technical collaboration programme came of age in the country."* (Directory of Foreign Collaborations, Volume II, Section 2, Page 84).

This coming of age led to a slow process of loss of its independence. In 1962, DLF/AID of U S., granted a loan of $ 13.70 million, equivalent to Rs. 10.28 crores. In 1964, DLF/AID again granted another loan of $ 11.80 million, equivalent to Rs. 8.85 crores. In 1964, German credit of Rs. 1.36 crores was also granted. Thus, in a matter of only 2 years, total loans from international finance capital aggregated Rs. 20 crores.

(9) Tata Power : The total assets of Tata Power were Rs. 30 crores in 1966. This company, too, has gone in for huge amounts of loan capital, again from the World Bank and DLF/AID. On November 19, 1954, and again on June 29, 1957, the World Bank gave a loan of $ 13.84 million and $ 9.66 million respectively. On June 28, 1962, DLF/AID of U.S., gave a loan of $ 17 90 million. The loan of the World Bank is equivalent to Rs. 18 crores and DLF/AID loan amounts to about Rs. 13 crores. Therefore, it is evident that the loans from international agencies were more than the assets of this concern. It is unfortunate that no data are available with me, at the time of writing this in jail, as to the amount of equity capital in this concern in the hands of foreign companies.

It can be very clearly seen from the above three examples as to how the three biggest industrial units belonging to the biggest industrial giant of India have been growing with spoon feeding from the biggest international finance agencies. These three giants of the Tatas, with assets of nearly Rs. 271 crores, have been aided by the U.S. agencies and the World Bank with nearly Rs. 140 crores—nearly half of the total assets. Again, it is unfortunate that we have no idea as to what further loans from other foreign financial institutions or banks these industries have received. Even without these data, it is clear that the Tatas too have been entirely dependent on international finance for their growth, along with the extremely heavy dosage of help they have been receiving from public funds through the Government of India. If we were to keep in mind that the funnelling

in of such loans means *'extensive system of controls'* and *'active participation in the actual administration of projects'*, it becomes very clear that the industry which has received such substantial loans can take no step of any consequence without the concurrence of the Donor.

"The growth of institutional finance is not only of great structural significance for the industrial financing system, but has also wider social and political implications because of its bearing on the control and direction of the private industry" ("Changing Structure of Industrial Finance in India", L.C. Gupta, quoted in Economic Times, April 15, 1970).

(10) **Madras Aluminium Co.** A minority holding of share capital by the foreign collaborator is no indication of the collaborator's actual hold. A careful study of the agreements with foreign collaborators (which are generally kept secret and are not allowed public scrutiny) would reveal in a majority of cases a total subservience of Indian capital to foreign finance. Let us now examine the onerous conditions of collaboration agreements of the Madras Aluminium Company wherein the foreign collaborator imposes very revealing terms on the Indian promoters of the company-among whom are Madras State Industrial Investment Corporation and the Industrial Finance Corporation of India. The equity breakdown of the company is:

(Rs. crores)

Montecatini	1.2
Madras State I.I.C.	1.5
I.F.C.I.	1.2
Directors and Publi	2.1

From this, generally, any one would conclude that this should be an Indian company since public institutions such as M.S I.I.C. and I.F.C.I. are major shareholders. But the following data from the collaboration agreements will reveal that it is not so.

Montecatini, an Italian firm, was entitled to one lakh twenty thousand shares—without paying a single pie of its own to the equity capital. It was entitled to the above number of shares on the following counts:

(Rs. in lakhs)

(i)	For transfering technical know how	45
(ii)	For engineering fees, drawings, assistance in purchase of plant, and other allied services.	40
(iii)	Cost of foreign experts, contractors, and other services and charges.	35
	Total	120

Thus the collaborators, without paying a single pie in foreign exchange, were alloted shares. On the basis of these, they would continuously

draw on the profits of the company as investors in the equity capital of this industry. Further, to help the company purchase the machinery, "*foreign exchange component was raised by Rs. 5 crores through a 10-year bond issue in Italy with the help of Montcatini, under a guarantee of IFCI for the said loan and interest till 1973 (Totalling about Rs. 5.6 crores).*" (Kidron, Page 198).

Thus the Indian company will pay Montecatini profits as a shareholder, as well as interest on the loan, but still more serious are the other conditions of collaboration which involve complete subservience of this industry to the dictates of the foreign collaborator.

The other conditions which totally bind the company to the interest of the foreign collaborator are :

(1) *Further issue of equity capital over and above the issue of Rs. 4.5 crores should not be made without their consent.*

(2) *They shall be entitled to appoint four directors to the board.*

(3) *Debentures should not be issued without their consent.*

(4) *Other loans of any kind, except the then existing foreign loans in excess of 25 per cent of equity capital, should not be contracted without their prior consent*

(5) *there can be no incease in the authorised capital by the creation of new shares without their prior consent.*

(6) *There can be no variations in the terms of the managing agency without this prior consent.*

(7) *Every increase in productive capacity and every new industrial venture shall be examined and agreed upon between the two parties.* (Directory of Foreign Collaborations; *Volume II, Section 2, Page 764*).

Such are the conditions agreed upon. The so-called Indian industry has no right to issue further shares, has no right to appoint any manager under any terms of agreement on its own without the collaborator's consent. No increase in productive capacity, no new industrial venture shall be undertaken, no further loans can be contracted even for the development of this industry without the consent of the foreign collaborator. I would like to question in what way can this be called "*an Indian unit ?*" It is not a fact that this industry is technically, financially, and managerially controlled by the foreign monopoly ?

Lenin aptly analysed the hold of a handful of monopolies who control banks as follows :

"*They are enabled by means of their banking connections, their current accounts and other financial operations—first, to ascertain exactly the financial position of the various capitalists, then to control them, to influence them by restricting or enlarging, facilitating, or hindering credits, and finally to entirely determine their fate, determine their income, deprive them of capital, or permit them to increase their capital rapidly and to enormous dimensions etc.*"

Such is the hold of the banking capital in general. It is much worse when the loan capital enters an underdeveloped, dependent country. It is still worse when such onerous conditions are imposed upon the debtor industry. A steadily increasing proportion of capital in industry ceases to belong to industrialists who employ it. A higher and higher proportion of capital in our country is not even Indian capital, but capital siphoned from foreign banks—thereby increasing the growing hold on our industry, in the hands of foreign finance capital. Thus the 10 examples we have chosen, to prove that the biggest of our industries in this country are mainly in the hands of foreign finance capital, have been studied only to the extent that the facts were available to us. I hope I have made it clear how these 10 industries are actually foreign-controlled since the loan capital is heavy, and the conditions imposed on the Indian industry by the loans are onerous enough to make them subsidiaries of foreign capital.

We had, in the previous pages, shown that 89 foreign companies had assets worth Rs. 1,263 crores. The 10 industries which have been referred to above, and in which foreign finance capital has a dominating voice, have assets as follows :

	Rs. crores
(1) Hindustan Alluminium	49.30
(2) Hindustan Motors	29.90
(3) Orient Paper	28.70
(4) Synthetics and Chemicals	17.93
(5) National Organic Chemicals	13.80
(6) Indian Iron and Steel	103.95
(7) TISCO	163.24
(8) TELCO	78.36
(9) Tata Power	29.87
(10) Madras Aluminium	19.01
Total :	534.06

In addition to these 10 units about whose capital structure certain details have been enumerated in the previous pages, there are at least five more units which belong to this category.

		(Assets in Rs. crores)
(1) Mandhya National Paper Mills	5.15	35 per cent capital in the hands of U.S.company; Rs. 4 crores of foreign currency loans.
(2) Indian Rayon Corporation	7.26	One-fifth equity capital in the hands of foreign company; Rs. 4.8 crores foreign loans.
(3) National Engineering	5.55	DLF/AID loans Rs. 3.23 crores.

(4) Straw Products	7.92	Deferred payments of Rs. 3.54 crores.
(5) Bharat Forge	5 98	Other than equity shares held by a U.S. company, a loan of Rs. 2 93 crores from Export - Import Bank, U.S.
Total :	31.90	

These five companies, with total assets of Rs. 31.90 crores and the 10 companies with total assets of Rs. 534.06 crores (i.e., total of 15 companies worth Rs. 565.96 crores of assets) are under foreign finance with *"an extensive system of controls"*, and an *"active part in the actual administration of projects"*. This can by no criteria be contested.

The result of this analysis clearly shows that not only foreign capital owns 89 companies with assets amounting to Rs. 1263 crores, but also controls the above 15 companies.

Therefore, out of total assets of Rs. 3407 crores, owned by 252 companies, the assets of 104 companies involving an amount of Rs. 1829 crores are either foreign controlled or foreign owned. This amount would be 58.7 per cent of the total capital owned by 252 companies. This stark reality of our subservience in industrial *'expansion'* is being hailed by interested parties, including the so-called *'communists'* playing the role of propagandists of the Indian big business, as independent industrial growth".

The hold of foreign companies on these giant units does not end with the above enumerated data. There are quite a number which can be called Indo-foreign companies, in which the foreign collaborator has substantial financial, technical and managerial control in quite a number, probably, with control in their hands. The following can be counted among such companies.

Assets in Rs crores

(1) Escorts	15.55	Has been acting as representatives of MAN & AEG of West Germany, Westing House of U.S.A., Massey Furguson of U.K., others.
(2) Madras Rubber	7.31	Mansfield of U.S.A. holds 25. per cent of the shares.
(3) Nirlon Synthetic Fibres & Chemicals	7.36	More than one third of the equity shares with Vonkohorn international U.S.A.; Foreign exchange loan of Rs. 66 lakhs.
(4) Oil India	90.79	Burma Oil holds 50 per cent of the shares.

(5) Asian Cables	5.70	Enfield holds 25 per cent, Duncan Bros 26 per cent of the shares. Duncan Bros will manage the company in association with Enfield U.K., and Phelps, Dodge, Enfield International, U.S.A.
(6) Polyeofin Industries	8.99	Farbwerke, Hoechst of West Germany holds one third of equity, (Rs. 1.20 crores), promoter of the company in association with NOCIL (in which one third of the equity shares are held by Shell Petrolium). a loan of Rs. 2.27 crores from West German Financial Institutions.
(7) Martin Burn	11.89	Indo-British Martin 40 per cent, Mukherji 37 per cent, Banerji 14 per cent.
(8) Indian Tube	21.67	Jointly owned by Stewards & Lloyds and Tatas.
(9) Tata Hydro E Power	12.05	Is under joint control of Tata 50.1 per cent and a foreign company 49.1 per cent.
(10) Voltas	31.05	Promoted by Volkarts and Tatas.
(11) Greeves Cotton	9.97	Substantial foreign hold.
(12) Hindustan Construction Co.	15.70	Joint venture with Braith, White, Burn & Jessop construction Co. Ltd., which is jointly promoted by Jardime Handern, Martin Burn & Sahujain.
(13) Cable Corporation of India	10.17	About one-third of equity capital is held by Siemans and Felton of West Germany
(14) Mahendra Ugine	7.56	Loan of Rs. 2.70 crores from IFC, U S.A. I.F.C. has also agreed to subscribe to the equity capital.
Total	244.76	

To the extent that I could gather concerned data, the above 14 could be termed as Indo-foreign concerns, in which the foreign collaborator has substantial financial interest, with a powerful technical hold and heavy managerial power. Certain other companies, which I feel should be included in the above Indo-foreign concerns (such as National Insulated Cable Co., Fort Gloster, Bombay Suburban Electric, Britania Engineering Co., Premier Automobiles, South India Viscose, Colourchem, Seshasayee Paper and Boards) have not been included since I could not substantiate my statement with the necessary financial data. Even without taking into consideration such other concerns, about whose capital structure information could not be collected to my satisfaction, the total picture as has been enunciated above is itself revealing and shocking to any person with an iota of national interest in him. The total picture is as follows :

		Rs. crores
58	Subsidiaries and branches of foreign companies as enumerated in the Industrial Licensing Policy Inquiry Committee Report, Volume II.	947.00
31	Foreign companies included in large independent Companies, larger industrial houses, and large industrial houses.	315.81
15	Foreign-controlled units due to more than nearly 50 per cent of investment from foreign sources, either in the form of equity or loans or both.	565.96
	Indo-foreign joint concerns in which foreign collaborator has substantial financial interest, powerful technical hold and heavy managerial power.)	244.76
	Total of 118 companies	2,073.53

Therefore, out of 252 companies with assets of Rs. 5 crores and more in 1966, at the very least 118 companies *cannot* be categorised as *"Swadeshi concerns"*. They are either foreign companies, or foreign-controlled companies, or at most Indo-foreign companies, in which the Indian capitalist plays a sleeping role or at most the role of a junior or a subservient. That is, not less than 46.8 per cent of the giant Indian companies are actually foreign companies on Indian soil. These 118 companies own Rs. 2,074 crores worth of assets, out of a total of Rs. 3,407 crores of all the 252 companies, *i.e.*, 60.9 per cent of the total assets. (1)

And yet, the country is being misled by revisionist propaganda that *the prevailing trend in this period was the consolidation of indigenous capital"* that India has embarked *"on the road of Independent development"* ("Capitalism in India" by *A. I. Levkovsky*, page 451). The Soviet communist's praise of independent economic growth of India and the curbing of foreign monopolies knows no bounds "In independent India", the Soviet communists' bombard, *"the part of the capitalist system represented foreign (originally almost exclusively by British) monopolies ceased to be the leading force. This change was brought about by slow*

and complex processes of development of Indian capitalism in the economic sphere, backed up by the movement for national liberation; as for the qualitative turning point, this occurred following the loss of political power by the British" (Levkovsky, page 481).

This pynagyrics on the growth of Indian independent development, growing into independent status, cannot be bettered even by the paid agents of the Indian big business or their masters the foreign finance capital. Facts belie this prettification of growing subservience of the Indian bourgeoisie to foreign monopoly—in some instances more so today than at any time in the past.

Concentration of Production in Foreign Dominated Industries

In the previous pages, I have tried to give the depth of the foreign hold on our industries from various angles, in relation to the capital structure of the industry. We have seen how difficult it is to correctly focus the relation of foreign capital with the Indian capital. Due to the utmost secrecy maintained by the Government and by the Indian bourgeoisie on collaboration agreements and other necessary data, the common man in this country is almost blindfolded from the truth of the extraordinary loot, which results from foreign monopolies in India.

I propose now to deal, within all these limitations, with the concentration of production in foreign-dominated industries in our country. It is my opinion that not a single article which the common man uses in this country—from tooth paste, tooth brush, toilet articles, stationery, transport, dress and shoes, tea and coffee, to the confectionary given to children —everything that is used from morning till night is nothing but a foreign commodity sold in the name of the '*Swadeshi industry*'. This deceit, which is being perpetrated on this country, should be exposed with all possible capacity to mobilise the people to liquidate foreign monopolies as early as possible and so save the country from foreign domination.

I will now deal with some of the industries to show how heavily foreign concerns dominate industrial production today. It would be surprising to note the octopus grip of foreign finance on our corporate sector and the supreme domination which they today enjoy, after 15 years of '*planned economy*'.

(1) **Agriculture :** The plantations industry is almost entirely concentrated among foreign interests. Seven tenths of the total acreage under tea is under foreign control. All the processing factories are, to this day, foreign-controlled. Two British firms Liptons and Broke Bond, fairly well-known names even in our villages, handle 85 per cent of the retail distribution of tea within India. Export trade to this day remains very much a British monopoly.

Nearly one-third of the acreage under coffee and three-fifths of the area under rubber are foreign-controlled.

Similarly, agricultural machinery is very much a foreign preserve,

controlled mainly by Massey Furgusson and International Harvestors, U.S.A., through Tractors and Farm Equipments Limited and International Tractor Co. Insecticides and Pesticides are also dominated by international companies such as ICI, CIBA, Bayers, and so on.

Tea machinery manufacture is in foreign control. The major producer, covering almost the entire range of equipment, is Davidson of India. Of the four others, British India Electrical Construction Co., Port Engineering Co., and Steel were foreign-controlled.

(2) Mining : Coal mines in the private sector even to this day are heavily controlled by British producers. The Andrew Yule group, Mac Neill Barry, Turner Morrison, and Shaw Wallace, to this day control production which is very much higher than the biggest of any of the Indian companies. For example, in 1964, companies of the Bird group did business of nearly Rs. 11 crores. The Andrew Yule group did business of nearly Rs. 13 crores. No other Indian company could compete with them in terms of their turnover.

In copper production, the British-controlled Indian Copper Corporation of India is the dominant company. In lead production, Metal Corporation of India which is another foreign concern meets over one-quarter of the estimated demand. In zinc, Binani Zinc which is a Canadian-controlled firm has lately entered the arena. In bauxite, foreign-controlled Indian Aluminium Co., is the major producer. Mining machinery manufacture is dominated by the fully foreign-controlled A-V-B Limited and Mcnally Bird Engineering.

(3) Food Industries : We have seen that one foreign company—Hindustan Lever—produces 33.1 per cent of the vanaspati produced in the country. In the production of toffee and allied sweets, Parry & Co. and Cadbury Fry dominate the scene. Among the producers of biscuits Britania Biscuit Co. and Huntly Palmer are important producers. Yeast production is almost monopolised by Indian Yeast Co., set up by Shaw Wallace. Even milk powder production is heavily foreign-controlled : Hindustan Lever, Glaxo Laboratories, and Horlicks, are the dominant producers. The sole manufacturers of sweetened full cream and condensed milk is Nestles Co. In soft drinks, of late, the country has been hearing enough about the domination of the American Coca-Cola Company. It will be interesting to note that Larsen & Toubro accounts for 50% of the dairy machinery.

(4) Cigarettes : The biggest concern in India is Imperial Tobacco—the largest *'Indian'* producer. Vazir Sultan Tobacco Company, another major firm, which has become very popular with Charminar cigarettes, is under the control of British American Tobacco Company. Cigarette machinery manufacture is controlled by Molins of India Private Ltd. Cigarette paper production is controlled by Tribeni Tissues Pvt. Ltd., which is also a foreign company.

(5) Textiles : Cotton textiles is mainly in Indian hands but

foreign capital controls a few of the larger units, such as Buckingham & Carnatic, Finlay, and Madhura Mills. According to Kidron, foreign capital is more apparent in woollen textiles. Wool combing is dominated by foreign firms. Issac Holdens (India) Pvt. Ltd., set up in 1959, is alone capable of supplying one-third of the total estimated requirements of wool tops. Modella Woollens Ltd., is very closely tied, financially, to Robert Jowitt & Sons of Bradford. Dhuva Woollens is also linked to a foreign firm with a technical collaboration agreement.

British interests are still powerful in jute textiles. Jute mill machinary manufacture is British-controlled. Lagan Jute Machinery Co., and Low and Bonar Ltd. are major producers in this field.

Terylene is the monopoly of Alkali & Chemical Corporation of India—an ICI subsidiary.

(6) Bata Shoe Private Ltd., is the largest producer of foot wear in the country. This company dominated the field of leather manufacture with 99.6 per cent of the indigenous-type leather footwear and 80 per cent of the Western-type footwear. It occupies the top place in vegetable tanning of hides. It is the largest producer of boot polish such that smaller firms have found it almost difficult to survive under its domination.

(7) In basic metals, tin plate production is in the private sector. It is a near monopoly of the Tin Plate Co., of India Pvt. Ltd., which is under the domination of Burma Oil. It produces nearly nine-tenths of the total capacity in the private sector.

Tungsten carbide metal and cutting edges, which is essential to the tool industry, is dominated by two foreign subsidiaries—Sandvik Asia Ltd. and Saka Industries.

The aluminium industry is dominated by foreign monopolies. Indian Aluminium Co., is a subsidiary of U. S., controlled Aluminium Co. of Canada. Jeevan Lal Ltd. is its wholly owned subsidiary. Hindustan Aluminium Corporation, is a heavily foreign-financed industry, with a large financial stake of the world renowned Kaisers, in addition to large financing from American financial agencies (Export Import Bank).

The same is the case with Madras Aluminium, where Montecatini of Italy, a substantial minority share-holder, raised Rs. 4 crores in foreign currency loan and became the major investor.

The Aluminium foil industry is dominated by Venesta foils Ltd. and by the foreign Indian Aluminium Co.

Acro India Limited is the largest firm in the manufacture of steel framework, scaffolding, and construction equipment. Steel tubes in the private sector are really foreign controlled, with Indian Tube Co. and Tube Products of India dominating the arena.

(8) In transport, (a) The bicycle industry, the common man's vehicle, is entirly dominated by Tube Investments. Every part of bicycle production is foreign-dominated. T. I. Cycles of India Limited and Sen-

Raleigh Industries of India Ltd., are controlled by Tube Investments of Britain. Bicycle chains are manufactured by T. I. Diamond Chain Co.; steel tubes needed for the industry are manufactured by the Tube Products of India. Saddles and large numbers of other accessories are also produced by them. Cycle rims, cycle tyres, and, tubes are manufactured by Dunlop. (b) In motor vehicles, Ashoka Leyland is formally under foreign control. It does not mean that the other manufacturing industries are independent of foreign control. Hindustan Motors and Premier Automobiles are as much under foreign domination. *"In this industry, even a small import content restricts the freedom of local manufacturers; the order of imports normal in India reduces it to a shadow."* (Kidron). (c) In the motor accessories industry, the control is more explicitly foreign. Automobile Products of India dominates the scene. Tyres and tubes production is naturally foreign with Dunlop, Firestone, Good-Year, and Ceat, in the field. Motor Vehicle batteries is the monopoly of Associated Battery Makers (Eastern) Ltd., and Chloride and Excide Battery Ltd. Fuel Injection equipment is dominated by the largest in this field-Motor Industries Co. Ltd. —which is a subsidiary of Robert Bosch.

Electric components are very much concentrated in the hands of Lucas Ltd., Simmons Motor and Electrics Corporation, and Robert Bosch, through Lucas TVS (Private) Ltd. Wheels India Ltd., a Dunlop concern, and Shankey Wheels (Guest Keen Williams and Joseph Sankey and Sons are major share holders) control wheels production. Napco Bevel Gear of India is a major producer of gears.

Thus every part of the motor vehicles production is in the hands of foreign monopolies.

(c) Motor cycle and scooters : Automobile Products of India Ltd. accounts for 52 per cent of the production of scooters. Production of motor-cycles is concentrated in Enfield and Escorts. Auto Products Limited accounts for nearly 70 per cent of the three-wheelers manufactured in the country. Motor-cycle and scooter engine production is greatly concentrated in a joint venture of Enfield and Vittiers Engineering Co. Ltd., Walverhampton.

(y) In electrical equipment, the field is very heavily dominated by a handful of foreign firms. In the manufacture of transformers, world renowned companies have had a free field in manufacturing units such as AEI India (Pvt.) Ltd., British India Electric Construction, Crompton Parkinson, English Electric, G. E. C., Greaves Cotton, Heckbridge, Hewittie and Easun. English Electric alone is expected to meet one-fifth of the country's needs for generation, transmission, and distribution equipment, from its plant at Pallavaram.

The picture is the same again in the manufacture of electric cables. Indian Cable Co. is a British subsidiary. In Cable Corporation of India, West German interests are heavily involved. Henley Cables (India) Ltd. and W. T. Henley Telegraph Works, are subsidiaries of AIE., Madras

Cables Private Ltd. is linked with Krupps. Traco-Cable is Japanese-controlled.

The Manufacture of teleprinting equipment is a foreign monopoly —Olivetti and Company.

The electric lamp industry is a completely controlled by international manufacturers. Electric Lamp Manufacturers (India) Private Ltd., Phillips India, Hind Lamps Private Ltd., Osler Electric Lamp Manufacturing Co. Ltd.

In electric tools, electric furnaces, X-ray equipment, compressors and refrigerators, the largest firms are foreign-controlled and those which are said to be Indian are invariably conditioned by foreign technical and finance collaboration.

In radio receivers production, even for the common man, Philips, Murphy, Marconiphone Company, Gramphone Company, and GEC, are household names.

(10) In office equipment, calculating machines are the exclusive preserve of big international firms. Manufacture of typewriters is dominated by foreign firms.

Foreign firms are important even in the manufacture of fountain pens and inks—Pilot Pen Co. Ltd., Parker Pen Co. Ltd., Wate Man Co. Ltd., Stephens Inks Pvt. Ltd., and others. (Formally, Pilot does not qualify as a foreign-controlled company, since only 30 per cent of its equity is held abroad in Japan. However, since the rest is widely spread and technical control rests with the foreign collaborator, it may be considered foreign controlled in practice.)

(11) Chemical and allied industries are important and a vastly growing sphere of foreign capital. It is a difficult industry to analyse, because it is fast-growing and because the lines of demarcation between its branches are very diversified and very secret. Yet, its growing muscle can be visualised.

(a) Fertiliser production is fast becoming foreign-dominated: EID-Parry, Coromandel, Cawnpore Fertiliser factory (Indian Explosives Subsidiary of ICI), Zuari Agro fertiliser factory (so called Birla factory) are either in production or under construction. At the same time, Utkal Machinery Pvt. Ltd., a West German subsidiary of Simon Carves Ltd. of Britain are large manufacturers of fertiliser plants.

(b) Blasting explosives are a monopoly of Indian Explosives.

(c) Petro-chemicals: In an interesting and instructive article in the Hindu Survey of Industries, 1969, Mr. V. K. Srinivasan, writing on petro-chemicals, gives a rich illustration of the inter-relationship of various industries, from one end of production to the other, showing in graphic manner the inter-connection between the petroleum industry to the basic chemicals in petro-chemical industry, to the raw materials necessary for the consumer industry—"*a rich illustration of not only capacity establishment of various basic petro-chemicals but also of their*

utilisation and close inter-relations". This industry presents a graphic picture of dominance of foreign capital from one end to the other. The two foreign subsidiaries in oil refining, ESSO and Burma Shell, feed naphtha to NOCIL petro-chemical complex and to Union Carbide Ltd., both foreign companies. These two petro-chemical complexes feed Hardillia Chemicals Ltd., Polyolifins Ltd., and Polychem Ltd. (all three foreign dominated), with ethlene and benzene for the production of polyethelene, which goes into a number of applications like pipes, for the production of polystyrene and phenol, useful as a raw material for the production of general plastic from polystyrene, and for the manufacture of phenol formaldehyde resins, dyes and pharmaceuticals from phenol.

> *"The large group of intermediaries and end-products find their outlets in several functional applications like plastics, and resins, synthetic Rubber, detergents, farm chemicals, fibres, solvents, plasticisers and miscellaneous products like carbon black".*
>
> *"Such an operation, as one can well imagine, involves almost a labyrinthene process route, which is not so much a route but a network of routes, paths, by-lanes and short-cuts".*

No wonder that all the routes, paths, by-lanes and short-cuts of this extremely important industrial complex is completely and decisively under the strigent control of foreign monopoly capital.

A carbon black unit, wiih 40 million lbs. capacity, has been set up as part of this complex by United Carbon India Ltd.

(d) **Dyestuffs :** It is one of the industries which has developed quite fast, but with foreign interests dominating this sector. Imperial Chemical Industries, through Attic Industries Pvt. Ltd., has been the dominant firm. It claims to supply nearly 60 per cent of the India's requirement. They have a packing and mixing plant, in which auxiliaries including weighting agents, cleaning and scouring agents, dyeing and printing agents, and textile finishing products for softening, stiffening, and water proofing, are made. ICI has a powerful network of distribution.

Montecatini of Italy, with substantial interest in Amar Dye Chemicals and Indian Dyestuffs Industries and also with a growing interest in explosives, plastics, aluminium, and other fields has a powerful foreign hold.

Sandoz Products Pvt. Ltd. and Suhrid Geigy Trading Ltd -also foreign-controlled—account for a large proportion of *optical bleaching agents.* Production of *ultramarine blue* is dominated by Reckeit and Colman of India. Farbantabrik Bayer of Germany, Hilton Davis of U.S.A., and many other foreign firms, are in the field

(f) **Drugs and Pharmaceuticals :** This sector of industry is completely foreign-oriented. It has a disgusting history of political blackmail; Indian interests have been thrown overboard for the sake of super profits

for foreign monopolies. The industry is new and growing rapidly. Its major branches—antibiotics, sulphadrugs, phytochemicals, antituberculosis drugs—barely existed in 1950.

The largest firms in the country are under foreign control. Of the patents registered in India 90 per cent belong to foreign companies. Merck Sharpe Dohmie, Parke Davis & Co., Geoffery Manners, Hoechst, CIBA, Cynamide, Pfizer, Wyeth Laboratories, Glaxo, Burroughs Welcome, Teddinghton Chemical, May & Baker, Johnson & Johnson, Boots Pure Drug, British Drug Houses, Beechem Group Laboratories, Dumex Pvt. Lederle Laboratories, E.R. Squibb and Sons, and Roche Products, overpower the entire horizon in this field.

Merck Sharpe and Dohme control the products of sulphathizol and pathalye. Parke Davis monopolises the production of bulk amodiquin and bulk chloromycetin. Geoferry Manners dominates the production of meprobamate. Hoechst manufacturers 99 per cent of the antibiotic drug known as tolbutamide. CIBA controls the production of sulphasomidine; Merck Sharpe Dhome is the leading producer of Vitamin B. 12. Chloromphinicol productson is dominated by Bocheringer & Knoll and Parke Davis. Tetracycline is the monopoly of Cynamid and Pfizer. More than 85 per cent of the production of corticosteriod hormones is in the dominion of Wyeth and Glaxo. Burroughs produces nearly half of the anti-leprosy drugs and the same is true of liver extract injections production by Teddington Chemical. Any number of instances can be given upto the commonly marketed Aspro, Saridon, Vico Rub, throat lozenges, and so on.

(g) Pesticides production reflects the same. Imperial Chemical Industries, Tata Fison (in which the foreign partner holds 50 per cent of the capital), Japanese-controlled pesticides, Bayer, and American Cynamid rule the horizon in this field.

(h) Polyethelene capacity is shared by ICI and Union Carbide.

(i) Industrial lamanites is also foreign-controlled by Formica International India Ltd.

(j) Paint is virtually a foreign province, occupied by giants such as ICI, Jenson & Nicholson (India) Ltd., British Paints (India) Ltd., Goodlass Wall (India) Ltd., and Shalimar Paint, Colour and Varnish Ltd., a subsidiary of largest paint-manufacturing firm in the world, Pinchin.

(k) Titanium dioxide, an essential ingredient for paints and varnishes, is in the hands of two foreign firms, Travancore Titanium Products Ltd. and Botanium Ltd.

(12) Soaps and detergents: One foreign company, Hindustan Lever, still occupies a commanding position in this manufacturing field, being the top producer of soaps.

(13) Match industry: The unquestioned ruler in this industry is yet the Swedish Match Co.—through its subsidiaries, Western India Match Company (WIMCO) and Assam Match Company. The Company is in an

even stronger position as a supplier of potassium chlorate, the chief chemical ingredient for matches.

One can go on giving a never-ending number of examples, with tooth brushes, tooth paste, face powders and creams, glass fibre, plate glass, and sheet glass, industrial glasses, etc.

It is not possible to fully expose the control of foreign monopolies in various sectors of industry since, as kidron says, "*Official figures offer no guidance in the matter*", and, as Kidron says, one is left with the evidence adduced above on the basis of bits of information, official and unofficial.

The Great Drain

Foreign private investment is a continuous drain, increasing the foreign exchange crisis, reducing capital accumulation for further investment, and thereby making the country eternally dependent. It is almost impossible to calculate the various methods adopted by foreign investors to create outlets for their various forms of exploitation. Foreign finance capital serves foreign investors as an outlet for their outmoded machinery, as a market for their raw materials, for their semi-finished products, spares etc., at exorbitant rates—not included in the account of remittances of profits, royalities etc., at high rates of return.

We can take the following instance from the *Dutt Committee's report*. The report shows that, in 1965-66, a total of Rs. 298.9 crores in foreign exchange were spent on account of collaboration projects, while only Rs. 49.5 crores were earned by India through export from these projects. There was thus a net drain of Rs. 249.4 crores. This gives an idea, even though it is only a part of the excessive foreign loot of our country (Main Report, Page 136).

All the same, the Government has been reiterating that all collaboration agreements are screened in the national interest, that approvals to foreign collaboration agreements are given only after taking into account the availability of indigenous knowhow which already may have been developed in the country, and only after taking into consideration the scope for import substitution and export potential. The Government has been continuously asserting that the terms and conditions for royalty and technical knowhow payments of fees are closely scrutinised in the national interest to keep the payments to the minimum.

This facile claim about safeguarding the country's interest, to cover its anti-national activities, has been burst by the Dutt Committee which after investigation came to the conclusion that, "*the approval of foreign collaborations together with foreign equity participation resulted both in giving a dominating voice to the foreign partner and also an indirect drain on the foreign exchange resources of the country*" (Main Report : Pages 137-138).

The following list of items for which foreign collaboration has been allowed, as per the report of the Datt Committee, knocks the bottom out of such claims :

Animal feed, ballpoint pens, biscuits, beer, brassiers, cornflour, crockery, cosmetics, embroidered fabrics, foot wear, frozen food, fruit juice essence, hair clippers, loudspeakers, lipstick, pencils, picture frames, play balls, gin, stationery items, readymade garments, toothpaste, ice cream, sewing needles, safety-pins, rubber contraceptives, mirrors, toothpowder, dental cream, talcum powder, shampoo, shaving cream, brilliantine, cigarettes, electric bulbs, fountain pens, ink, paper, etc. (Main Report, page 131).

Of course, this is not a complete list. To prepare a comprehensive list would need tons of paper. Yet the patriotic rulers of our motherland want us to believe that we are on our way to a self-sufficient economy, and that import substitution and export potential have been—and are being—created.

There are yet many items in which collaboration agreements were allowed and are being allowed, and thereby not only foreign exploitation of the Indian market but also the additional drain of India's meagre foreign exchange resources will continue.

Accounts Clouded

The accounts of foreign branches and foreign subsidiaries are extremely clouded. They are kept under such secrecy that, even the Central Government is incapable of giving the full details to Parliament. Accordingly to one news item, the Central Minister declared in the Parliament that, since the Reserve Bank of India obtained data from the companies covered by the survey on a *strictly confidential basis*, it would not be possible to divulge any company-wise information even after the completion of the survey! Information regarding the progress made by the *individual companies* having foreign collaboration *would not be available*. It is no wonder that the Government itself is incapable of getting detailed information regarding the drain for which foreign collaboration has been responsible.

Even the Reserve Bank is in the same dilemma. The accounts of foreign branches are not available even to the Reserve Bank of India. In the diplomatic language of the RBI Bulletin, trying to camouflage the truth from the ordinary Indian citizen :

> *"An important point to be noted in this context is that the profit figures relating to branches of foreign companies presented in the article are based on the accounts of companies, some of which are single branch companies. In the case of some branch companies, the accounts furnished by them relate to global accounts,* recast by the companies *in rupees in the form prescribed by the Companies Act, 1956. The profit figures compiled from*

such accounts, therefore, do not exclusively relate to profits made by the branches in India. Further, profit figures for the current year are arrived at after excluding items such as loss or gain due to devaluation besides non-recurring items like profit or loss on sale of assets. (RBI Bulletin: June 1970, Pages 929-930)

It is clear that as a *'sovereign'* country we have no control over the accounting methods of foreign branches with global accounts maintained in their 'head' offices outside our country. Devaluation increases the value of the assests. From the jungle of global accounts, one has to clear a path through devaluation, profit or loss on sale of assets, clear the passage through profit figures of other branches outside the country, estimate the proportionate volume of expenditure on the Head Office to be deducted from the income of this branch, and so on and so forth, to arrive at the depleted figure of profits in the interests of the company.

Let us take, as an example, the remittances of foreign oil companies. They are unaccountable to any one else except themselves. They alone can say how much they have been remitting on various counts. According to patriot dated June 2, 1970, *"the remittances are said to cover* (1) *Engineering services, (2) Technical information services, (3) Royalties,* (4) *Licensing fees,* (5) *NewYork, London or any other foreign office expenses,* (6) *Remittances as dividends,* (7) *Remittances of interests on overseas loans,* (8) *Remittances of depreciation reserve with a certificate that this was required for replacement of plant and machinery, and* (9) *Remittances on account of items not specified."*

It is clear from this that the country never knows full remittances which the oil companies have been making on these various accounts every year. Generally, only remittances made as dividends, or royalties, or remittances on depreciation reserve, are accounted for and that too on the basis of the accounts given by the oil companies.

It is in such difficult circumstances that one has to prod to find out the various losses incurred by the country on account of the great drain for which these foreign companies are responsible.

Drain of Import Requirements

"Most of our collaboration agreements are pretences to convert India into a Market for immediate American and Western surpluses." (Patriot July 13, 1968).

There can be no more deceptive slogan than the reason adduced for all-round foreign collaboration than the slogan of *'import substitution'*. As a matter of fact, the corporate industrial sector, which is based mainly on foreign branches, subsidiaries, and foreign collaboration through loans and technical knowhow, have become more dependent with the increasing costs of imported raw materials and components; import requirements were

mounting because new industrial development was mostly import-based. As one of the articles in the Hindu Survey of Industries, 1966, points out: *"the dependence on maintenance imports has been much more than was originally foreseen"*.

This dependence of our industries on imports is a major cause for the drain of our capital. It is not only through repatriation of profits, export of accumulated capital, royalties, and payment through technical know how, but more essentially through import of raw materials, intermidiate goods, and spare parts, needed for industries established with foreigh capital, that the drain is heavy, costly, and continuous. As the secretary of Engineering Export Promotion Council, Dr. R. K. Singh, explains in Hindu Survey of Indian Industries, 1966, "Engineering goods on an average have an import content ranging from 40 to 50 per cent" (Page 55). Dr. Vidyarthi, Secretary, Engineering Association of India, further explains that "*as much as 80 per cent of the imports are now obtained utilising US Aid. American materials were costlier by 25 to 40 per cent than those from U. K., Germany or Japan, and devaluation has accentuated the problem.*" (Hindu Survey of Industries, 1966 : Page 53 and 57).

The country has today five important producers of tractors : — all of them foreign-oriented. According to Hindu Survey, 1969, the indigenous content of the tractors varies from 22 per cent to 79 per cent. What a drain of capital not only distorting our balance of payments but also an unaccountable export of super profits due to the managed high price of these imports!! As Kidron points out many of them are in a uniquely favourable position to modify their accounts to their advantage.

The Company Law Committee has expressed that "*many managing firms also earn large amounts as buying and selling agents either direct or through their association companies*".

The Trariff Commission, in its Report on Rubber Tyres and Tubes, explain that it is impossible and therefore it is unable to fix and recommend "*differential prices in such a way as to eliminate the excess profits*" made by these foreign companies since for example "*Firestone (USA) can make up the loss of profits resulting from such action by charging suitably higher prices for materials or equipment supplied to its subsidiary in India*".

Foreign manufacturing firms in a wide range of industries prefer a high revenue from sales to their Indian branches or subsidiaries to high profits made in India, since such profits are non-cognizable.

The textile industry is one of our oldest industries. Textile machinery making is also nearly 20 years old. Even so, the value of imported machinery has been increasing year after year. As Managing Director, Mr. G. Balasundaram, Textool Co. Ltd., reports in the Hindu Survey of 1966, "*the prevailing tendency among powers that be to reject any manufacturing project in the absence of foreign collaboration will spell ruin to*

industrial development. Though foreign collaboration has helped in the industrialisation of the country, it has not aided the development of indigenous skills and techniques ..... Machines of different kinds and specifications being imported from various corners of the globe, with the result that there is a great variety of machines functioning here. This necessitates imports of spares and components *on a large scale for replacement, not to speak of the inevitability of continued dependence on imports. If a wide variety of textile machinery is imported, the import of spares also increases correspondingly as it becomes uneconomical for the Indian manufacturers to undertake production of a wide variety of spares. The continued dependence on imported knowhow is neither in the interest of national prestige nor national economy."* (Page 101).

The following table, on textile machinery production and imports, gives an idea of how the increase in production does not automatically reduce the value of machinery imported into the country.

Textile Machinery Production and Impor

(Rs. crores)

Year	Value of Machinery Imported	Value of Machinery Produced in India
1960	26.38	10.89
1961	26.48	11.48
1962	27.32	14.02
1963	23 70	18 52
1964	27.30	21.62
1965	28.48	24 22

Source : R. R. Ruia : Chairman, Mill Owners' Association, Bombay, (Hindu Survey 1966, Page 99).

The oil companies, which are affiliates of international *'majors', "are primarily, interested in maximising their profits on their worldwide operations"*. They own oil fields; they also own tankers for transport; they control refining and marketing companies as well. This control on an international scale has enabled them to have *'captive'* outlets for their crude oil, as in India.

The country is being looted for more than 20 years now by the oil companies through the excessive price they have been charging for the crude oil they have been allowed to import as raw material not only for the private sector refineries but also for the so called public sector refineries in Cochin and Madras. As per the agreement with Philips petrolium of USA, the Cochin Refinery had agreed to Philips as an agent for the purchase of imported crude on the best possible terms. A similar agreement was concluded with the National Iranian Oil Company and American International Oil Company for the supply of Darius crude from the Middle East to the Madras Refinery. Both these refineries are said to be public sector projects, with majority shares in the hands of the

Government of India. Nevertheless, the minority share—holding foreign companies had such a powerful hold that *"Oil refineries refused to take Rostum crude because under refinery agreements, they have freedom to import their crude from their own sources."* (Hindu Survey 1969).

The Economic Times of April 21, 1968, has brought out the fact that the foreign oil companies had sent home as profits in foreign exchange as much as Rs. 364 crores in 1961-66. It pointed out that Burma Shell remitted Rs. 30 crores worth of profits in 1966.

Michael Tanzer, who had been on the job training in India on behalf of ESSO in his valuable and knowledgeable study entitled, *"Political Economy of International Oil and the Underdeveloped Countries"* gives many examples of downright cheating by these companies. For example, in July 1965, Jersey announced an oil price reduction for which the Government of India had been pressing for months. But it did this by importing into this country a different kind of mixture of crude oil, consisting of less expensive oils.

The adverse nature of this tie-up in India with the oil majors has been described and further explained by him, taking India as his case study. The bulk of the company's profits are made on importing crude from the parent company, which already controls large supplies elsewhere —and not on refining oil or marketing refined products even though these two are also profit centres. The affiliate refineries pay higher prices for crude oil to the parent company, which would not otherwise be paid by independent companies. The affiliates are also made to pay a heavy price for transport, managerial services, and so on. This way, the parent company is able to fleece at both the ends—through profits on refining and marketing as well as on crude oil.

By allowing oil companies the right to import crude from their own sources, India is paying prices which are far above the cost.

Extraordinary Remuneration to Directors and Managers of Foreign companies

Another form of drain, which is not generally accounted for in the accounts of repatriation of profits by foreign companies, are the salaries and commissions on profits which are paid to the directors and managers of foreign companies. Since we cannot get a consolidated amount paid and repatriated under this category a few examples will have to serve our purpose.

The present ceiling on salaries and commissions on profit to be paid to the directors and managers in the private corporate sector is Rs. 7,500 on salaries, with provision for an additional Rs. 3,750 as share in profits—in all a total of Rs. 1.35 lakhs a year.

But the Government has sanctioned payment of remuneration during the last three years (1967 to 1969) over and above the ceiling in the case of as many as 99 companies, involving 146 persons of whom as many as 63

are foreigners who expatriate their earning. It should be remembered that this remuneration does not include such perquisites as car, house, medical expenses, and so on.

The following are a few examples :

(1) *Cochin Refineries*, known as a public sector company in which foreign capital plays a substantial role, pays its managing director, an American by name of Henry H. Lees, as much as Rs. 27,000 a month or Rs. 3.24 lakhs a year. This is tax-free, excludes perquisites like car, house and the like.

(2) *Union Carbide*, American-owned, pays its managing director A.C. Egler Rs. 22,916 a month and also one per cent commission on profits, subject to a ceiling of Rs. 3.40 lakhs a year. The same company pays its wholetime director M.E. Hitchcock Rs. 19,600 a month and half per cent of profits, subject to a maximum of Rs. 2.35 lakhs a year. Another director, D.P. Antia gets Rs. 15,000 a month and half a per cent of profits subject, a maximum of Rs. 1.80 lakh a year.

(3) *Shaw Wallace*, British owned, pays its managing director C.M.A. Bathurst Rs. 10,000 a month and two other directors C.I.M. Arnold and A.W.B. Hayward Rs. 9,000 and Rs. 7,000, respectively. Between them they also take 5 per cent of profits in the ratio of their salaries, subject to a Rs. 2.50 lakh limit.

(4) *Dunlop; British-owned*, pays managing director M.A. Moose a salary of Rs. 12,500 a month, plus one per cent of the profits subject to a maximum of Rs. 1.70 lakhs per year. Deputy managing director R G.S. Nairn, S. Hill Smith, J R. Scott, M.M. Sabherwal, and K. Padmanabhan, get Rs. 10,000 each plus half a per cent share in profits with the ceiling put at Rs. 1.50 lakhs.

(5) *Guest Keen William's*, managing director C W.B. Eustace gets a fixed salary of Rs. 12,500 but a director K G. Maitra gets Rs. 12,000 a month plus dearness allowance at 35 per cent (which makes a total of Rs. 16,200) as also one per cent share in profits. The limit is set at Rs. 2.20 lakhs.

(6) *Britania Biscuits'* managing director Julian Scott gets Rs. 8,250 plus 20 per cent dearnes allowance a month. Also a 'devaluation allowance' of Rs. 35,796 a year. He is also entitled to 3 per cent of profits fits as commission. The limit is placed at Rs. 2.50 lakhs. His colleague director, G R. Garret, gets Rs. 5,800 plus 20 per cent as dearness allowance and one per cent of the profits.

(7) *Hindustan Milkfood's* J.R.L. Pountney gets Rs. 5,776 a month, plus a quarter of one per cent commission on profits, subject to a ceiling of Rs. 1.80 lakhs. He is also given a children's education allowance of Rs. 900 per month per child.

(8) *Western India Vegetable Products* pays A. M. M. H. Premji 5 per cent of the profits, subject to a ceiling of Rs, 1.80 lakhs.

(9) *Jeypore Sugar's* Smt. Rajeswary Ramakrishna, as managing

director gets 5 per cent of profits, and Smt. Ramakrishna gets 2.5 per cent, subject to a limit of Rs. 1.80 lakhs.

(10) *Ahamadabad New Cotton Mills's* Smt. Jyotsna Narottam along with her brothers, Ramesh and Bepin, are joint managing directors, and share 10 per cent of the profits subject to a ceiling of Rs. 5.40 lakhs.

(11) *Kalinga Tubes's* Biju Patnaik as managing director gets 5 per cent of profits with a limt of Rs. 1.80 lakhs.

(12) *Hindustan Dowidat Tools's* (Birla's) chief of staff gets 5 per cent as manager.

(13) One Mr. A.C. Mair draws from *Indian Explosives* Rs. 10,011 plus D.A. at 30 per cent and from *Alkali and Chemical Corporation* Rs. 10,620 plus D.A. at 47 per cent as managing director for both companies.

Glaring Examples of loot

Before we take up the question of total remittances made by foreign-controlled companies, let us try to find out from a few examples of the high-class loot of our country. The following few examples will give a picture of how India has become a happy hunting ground for super profits of foreign monopolies

(1) Gresham and Craven of India, a subsidiary of Westing House Brake and Signal, is one of the extraordinary examples of the high-class loot of our country. With a paid-up capital of only Rs. 4.66 lakhs, this company lifted away as profit to the U.K. 7.65 times by this amount on an average per year, or 30.6 times the amount in total, from 1962-63 to 1969-70. In absolute figures it amounted to Rs. 1,42,54,120.

(2) Imperial Tobacco Company is another example of extraordinary profits quite unrelated to the growth of production. The following figures reveal the astonishing figures :

Year	Production (million pes)	Profit (Rs. lakhs)
1964	23610	287
1967	28166	409
1968	30364	598
1969	29998	707
1970	32184	788

That is, a 11,364 per cent profit !!

3. The following fantastic information about the unimaginably high profits of American pharmaceutical companies, functioning through their subsidiaries, was furnished by Hindustan Standard of August 22, 1970:

> *"A senate sub-committee of U. S. Congress has sharply criticised the practice of American pharmaceutical companies selling their products to their own subsidiaries in developing countries at 'dramatically excessive prices', according to a Washington report.*
>
> *"These companies have been charged with selling*

antibiotics and other vital medicines to developing countries at rates inflated from '00 to 11,364 per cent, compared with the prices of the same product or its therapeutic equivalent in Europe. Giants among them have their subsidiaries in India.

"One senator deplored the fact that it was being done through the United States Agency for International Development (U. S Aid) which provides dollar loan for foreign exchange requirement when developing countries set up pharmaceutical industries with U. S. collaboration.

"One case affecting India cited is the selling by a U. S. firm of an anti-histamine called dibenzocyclohepatriene piperdino to its subsidiary in India at $ 1,060 a kilogramme when a therapeutic equivalent in Europe cost $ 20.50 a kilogramme. The mark up was 5,171 per cent".

4. Colgate-Palmolive (U.S.A.) is a fully owned subsidiary of Colgate-Palmolive International of U.S.A. It was registered in 1937, with a total paid-up capital of Rs. 1.5 lakhs, which has remained the same all these years. In 1966, the dividend remitted to U.S.A. was 52 lakhs. This went upto Rs. 72 lakhs in 1968. In the last 14 years, more than Rs. 5 crores have been taken away by the company. This prosperity of the company is not reflected in the earnings of the workers. The lowest paid of the employees get only Rs. 110 a month. But the managing director draws a salary of Rs. 4,19,520 a year—about Rs. 35,000 a month. Perquisities are besides this fabulous salary.

5. **Super profits for British Drug Firm :**

"Indian Schering Ltd. and Nicholas India, are associate companies of the British drug monopoly Aspro Nicholas of Slough England.

'They enjoy a monopoly in manufacture of 'Neomercazol' tablets. The drug is used for the treatment of thyrotoxicosis and is therefore a life-saving drug. The sale price of 'Neomercazol' is Rs. 16. The actual cost price is just 10 paise.

Another drug marketed by the same companies is 'Sorbitrate', a coronary vasodilator. The price for 20 tablets is Rs. 3 15 in the market. The cost price is just 10 paise"

"Twelve tablets of 'Neutradonna' are priced by the two companies at Rs. 2.31. Its cost price is only five paise".

Remittances of Profits Etc., in Foreign Exchange

The outflow of money from this country in foreign exchange in remittances of profits, fees, professional services, etc., as reported by the Reserve Bank of India, is in my opinion a bald understatement. The few examples given above underscore the fact that the accounts given by the R B.I. on the basis of the accounts provided to it by the foreign monopoly

concerns do not reveal the true state of affairs. All the same, since we have no other go except to rely on R. B. I. accounts, let us now study those figures. Even these figures reveal the growing drain of Indian resources year by year.

Reserve Bank of India reports that, since *"the entire public sector and the private sector industries are based on foreign collaboration, the remittances are increasing year after year"*. The outflow of money from this country in foreign exchange due to remittances of profits, fees, professional services is as follows, according to Reserve Bank of India Survey.

(Rs. in crores)

Year	Profit	Royalty	Technical fees	Total
1960–61	11.38	1.51	3.36	16.25
1961–62	14.14	1.92	3.69	19.75
1962–63	18.35	2.32	3.38	24.05
1963–64	16.11	3.35	2.98	25.44
1964–65	20.58	4.95	4.03	29.56
1965–66	19.95	6.40	5.61	31.96
1966–67	21.50	7.97	4.13	33.60

It is clear from this table that the total amount repatriated has increased by more than double during the period 1960–61 to 1966–67. According to B. Rangaswamy, *"Royalty payments and fees for technical knowhow do involve a drain on foreign exchange; actual outgo amounts to about Rs. 80 crores annually."*(Indian Express, May 22, 1970).

This suggests that the royalty amounts given by the Reserve Bank of India are a gross understatement.

The so-called public sector companies are also as criminal as private sector companies in serving the interests of foreign monopolies. The R.B I. survey which covers 24 government companies reports that royalty payments by these companies rose from Rs. 15 lakhs in 1960–61 to Rs. 64 lakhs in 1966–67. Remittances for technical fees average Rs. 3.8 crores a year during the 7 years ended 1966–67. The foreign exchange outlay, on account of foreign technicians engaged by the public sector units, was Rs. 2.65 crores in 1963–64.

Outflow of Capital

Economic Times of February 21, 1970, speaks of *"deliberately inflated prices of sale of shares of foreign companies, involving large transfer of foreign exchange"*, which is not accounted for. Even so, *outgo* of capital, even according to official accounts released, is a regular feature of foreign investment. This amount consists of repatriation of investments, by way of liquidation of branches, transfer of share from non-residents to

residents, and repatriation or repayments of debentures, loans, suppliers' credit for imports, etc. (This amount does not include the interest paid either on debentures or loans or suppliers' credits.)

As per the Reserve Bank Bulletin, March 1971, total outflow under this category (repatriation of capital) for 4 years is as follows :

	(Rs. crores)
1964–65	36.8
1965–66	45.1
1966–67	72.5
1967–68	90.9

The outflow of capital by selling shares to Indians does not mean that foreign capital has lost its hold on the industry. Keeping majority hold in their own hands, the foreign investors sell a few shares at inflated market valuations, sometimes three or four times their actual investments thereby reaping extraordinary profits.

Thus, even according to the accounts provided by the Reserve Bank Bulletins, the amount repatriated by foreign private capital in the form of profits, royalty, technical fees, and repatriation of capital, is not less than Rs. 150 crores a year.

Interest Burden

The accounts so far discussed do not provide any clue to the amount of interest charges that private capital pays to the international finance capital on loans incurred either by foreign branches, or by foreign subsidiaries, or by Indian collaboration companies. Just as the interest charges on the Government of India are sharply shooting up with the growing indebtedness, both national and international, so also "*of late the share of interest charges in the gross profits (pre-tax profits plus interest charges and managing agency remuneration) of public limited companies in the private sector has shown a marked increase*" (Economic Times, october 10, 1970).

As against only 9.1 per cent of gross profits being appropriated towards interest liabilities during the end of the First Plan, the proportion rose to 13.9 per cent during the end of the Second Plan, and further to 23.5 per cent during the end of the Third Plan. In 1968–69, the last but one year before the commencement of the Fourth Plan, the ratio was significantly marked up at 37.7 per cent.

(CONTINUED)

The following table gives yearwise, from 1955-56 to 1968-69, the borrowings and interest charges of public limited companies.

Borrowings and Interest Charges: Public Ltd. Companies

Years	Borrowings as percentage of Total Capital Employed	Interest Charges as percentage of Gross Profits
1955-56	23.0	9.1
1956-57	25 9	10 4
1957-58	28.8	17 0
1958-59	29.3	17.6
1959-60	28.1	14.8
1960-61	28 6	13.9
1961-62	28.7	15.1
1962-63	29.4	15.5
1963-64	30 1	16.3
1964-65	31.3	18 9
1965-66	34 2	23 5
1966-67	36.8	27.2
1967-68	39.6	35.9
1968-69	39.7	37.7

Notes : (a) Total capital employed = total assets.

(b) Gross profits = pre—tax profits plus interest charges and managing agency remuneration.

Source : For the period 1955-56 to 1966-67 RBI Bulletins; for the subsequent periods, Economic Times studies on Company Finances.

The above figures do not give us an idea as to how much of the total borrowed capital consists of foreign loans. As we have seen in the previous chapters, foreign loans from various international institutions such as the World Bank and the International Finance Corporation or from various governmental and semi-governmental financial institutions of U.S.A., U.K., West Germany, and other countries, as for example the Export-Import Bank and DLF/AID of America or Commonwealth Finance Corporation of Britain and West German Banks, form a heavy amount in the Indian corporate sector. Therefore, as the above table indicates, bigger and bigger amounts in the form of interest charges, as a percentage of gross profits, due to international banks are leaving this country. Therefore, the outgo of profits in various forms is very much greater than what is depicted by either government publications or the Reserve Bank of India Bulletins. It would be certainly interesting and educative to pool all these facts in one place and study the outgo in relation to the national income of India or in relation to the total industrial production of our country. If such an exercise is succesfully concluded, the Indian nation would receive shocking information of how more and more India is becoming a subservient to foreign finance capital.

Profits of Foreign Companies are Higher Than Average Profits for Indian Industries

It is common knowledge that profits of foreign companies in India are higher than the average for Indian industry as a whole. Various Reserve Bank studies have proved this phenomenon in the Indian corporate sector. For foreign investments gross porfits were 12.1 per cent of total capital employed in 1953 and 1955 respectively, as compared with 6.8 and 9.4 per cent for Indian joint stock companies in the same years. It is reported that foreign-controlled firms were earning some 20 per cent more than the Indian firms in the five years, 1957 to 1961, or on an average of 10.1 per cent compared with 8.4 per cent earned by Indian firms.

The Reserve Bank of India Bulletin of June 1970 reports that all the profitability ratios and dividend disbursement ratios for foreign-controlled companies were higher than those for the Indian-controlled companies in the years 1965-66 and 1966-67. Gross profiits as a percentage of sales for 365 foreign-controlled companies was 12.9 per cent and 12.3 per cent for 1965-66 and 1966-67, whereas it was 8.6 per cent and 8.4 per cent for 1,944 Indian-controlled public and private companies.

From all accounts, then, the Indian people have effectively been made into drawers of water and hewers of wood in the interest of foreign companies.

Multi—Dimensional Loot And The Great Drain

It is impossible to calculate the great drain from India due to imperialist exploitation. Its ways, legal and illegal, known and unknown, are multi-dimensional. India is fleeced in hundreds of ways. As we have seen, the published figures of the Government of India through the Reserve Bank on the repatriation of capital, profits, royalties, and technical know-how, are a monstrous underestimation. Even the amortisation of loan capital and interest payments do not include service charges to the I.M.F. or payment of interest and capital on the rupee loans from P.L. 480. Its impact on the budgets of both Central and state governments, due to innumerable tax concessions given to them in the form of exemption from income-tax and exemption from motor vehicles tax, are incalculable. Foreign capital and foreign loans thrust on our country innumerable *'experts'* in all walks of social, administrative and economic life, draining the country for their huge salaries and other perquisites aggregating to crores of rupees.

What exactly is the amount paid in excess, for example, to the commodities we have been purchasing from the U.S.A. at extraordinary prices, over and above the international markets, due to tied loans? What is the excess amount the country has been paying to the American bottoms in excess of international transport rates due to the conditional nature of loans that at least 50 per cent of the commodities should be transported only in US ships? What is the excess amount we have been incurring (forced to pay) in the transport, oil, chemical and other industries due to the source of supply being a condition laid down in the collaboration agreements? What is the loss to our country due to overinvoicing and underinvoicing, carried on by foreign companies in their transactions with the outside world? Can it ever be calculated, the amount of loss incurred due to unfavourable terms of trade imposed on all developing countries, including India by imperialist finance? Has the country ever been told—if the government has an account for it—as to what exactly are the amounts paid in the form of interest and repayment of capital to the *'mother company'* by the branches in lieu of the so-called loans incurred by the later? What is the amount paid by the branches and subsidiaries in the nature of pro-rata charges on head office expanses? What are the amounts paid in the name of service charges on exports?

Such are the myriad ways of foreign finance capital. A short study of some of these means of loot would show that the *'Great Drain'*, about

which the grand old liberal nationalist the late Dadabhai Naoroji spoke, has been continuing even today—only in different forms, but in greater intensity, reducing the country to a state of pauperism. It is unfortunate that not even a sincere attempt is made to evaluate the total amount of loss to the nation by even the so-called Left parties.

I am aware that an exercise of this nature is an impossible task to be undertaken by any one from within the four walls of the Jail. Yet a few examples to show the immensity of the drain is a necessity.

Un-Accounted Repatriation

(1) Even though it is not possible to evaluate the total amounts paid to foreign personnel working in various capacities in our country—in agriculture, in industry, in education, health, etc.—in official and semi-official positions, the following item from the Central budget will open a chink in the window to throw a hazy light on the problem.

On Page 42 of the budget memorandum there is a provision under Miscellaneous Expenditure (3) accounting for an amount Rs. 427 lakhs. It is explained that, "*non-Indian employers of Ford and Rockefeller Foundations are entitled, under their terms of service, to the payment of tax-free salaries. The income-tax payable in respect of their salaries is charged under the head*". It is clear from the above explanation that it is a book adjustment made. If the income-tax payable comes to this huge amount, we can as well imagine what would be the amount of salaries being paid for their extraordinary services in India, along with many other unaccounted-for emoluments, such as free housing, free medical services, charges to and fro to visit their homes in America, and so on.

These are not the only foreigners on tax-free salaries, with various other tax-free services—such as tax-free motor vehicles—we have noted in the previous chapter that salaries of the technical personnel working in private and public sectors are also tax-free. Some thousands of them must be working in these various hundreds of foreign collaboration industries in our country. We have also noted in a previous chapter how costly these white elephants are, the salaries and other services to each of them amounting to a lakh and more.

Can any one calculate and announce the crores of rupees being paid to them and the immense loss to the treasury due to this tax-free salaries? As per the few examples I had given in the previous chapter, '*Foreign Private Capital*', we will find that only 14 of the foreign directors or managing directors belonging to a score of companies are drawing Rs. 32 lakhs as salaries with free perquisites as car, house, medical expenses, including in one case a special fee ofRs. 900 per month for childrens' education. It is my opinion that there are more Westerners drawing and repatriating the total amount of their salaries in India today than in the period of colonial India, under direct British rule.

It is certainly very difficult to estimate the number of European or American directors running Indian industry. And other than directors and managing directors, there should be many other technical personnel in the industry. If we remember that there are 529 Branches and 225 Indian subsidiaries of foreign companies, and if we suppose there were only 3 foreign personnel drawing high salaries in each one of them on an average, the amount of salaries paid to them at the rate of only one lakh of rupees per year, it amounts to nearly Rs. 222.50 crores. There are hundreds of other collaboration companies in the country, which are not subsidiaries but which include other managers, directors, technical personnel, or all the three of them. And the amount paid to them must also be equally high. We have seen how even the so-called public sector industries, such as Bhilai, Durgapur, Rourkela industries, and the other 7 or 8 public sector industries such as Hindustan in the oil industry, or in the fertiliser industry in Sindri, include more than half the boards of directors and a few technicians of Western origin paid very heavily. How many more there are in industries under construction is anybody's guess. Therefore, even in the corporate sector alone—both public and private—there would have been a few thousand of foreign personnel in charge of various departments.

The amounts paid to them is generally not calculated and accounted for in the accounts prepared by the Reserve Bank of India or the Government, since it is not part of either profit, royalty, capital repatriation, or payment for technical knowhow.

Kidron records: *"Most foreign firms insist on staffing the major technical posts in any joint venture. Works managers are almost invariably foreign, research departments, in so far as they exist, are normally under foreign direction. In non-technical fields, the foreign collaborator often insists on appointing the general manager and company secretary."*

According to Government of India's figures, one can see that Indianisation is taking place—only in the lower scales. *"At the top, say above Rs. 3,000 per month, Indians are still a minority, some 31 per cent of the total on January 1, 1963; and at the very top above Rs. 5,000 they are very rare indeed—7.8 per cent on January 1, 1959, when last reported on. Expatriates are tending to concentrate more and more on these higher brackets: the proportion earning Rs. 3,000 rising from 22 to 59 per cent between 1954 and 1963"* (Page 294 : Kidron).

India has lost the civil service manned by the British. The governor general, the governors, secretaries, and district officials, have left the country by the front door, to return again through the back door in different guise—as directors, works managers, research specialists, technicians, and various other important-sounding capacities in the corporate sector, along with Rockefeller and Ford foundation specialists in hundreds to help boost agriculture, a few hundreds more to help to increase educational efficiency, and a few hundreds more in various other departments including home science, family planning, and poultry development.

As to how much is a loss to the exchequer through tax concessions given to them is unaccounted. As to how much is spent on them in the form of salaries and other perrequisites is un-known. In my opinion, it should be running into a few hundred crores of rupees.

Let me quote from the grand old man, Dadabhai Naoroji, and conclude this section :

> *"When a European is employed, he displaces a native whom nature intended to fill the place. The native coming in his place is natural. Every pie he eats is, therefore, a gain to the country, and every pie he saves is so much saved to the country for the use of all its children. Every pie paid to a foreigner is a complete material loss to the country. Every pie paid to a native is a complete material saving to the country".*

(2) There is another item which is generally not accounted for in the repatriation accounts of the corporate sector by the Reserve Bank of India in its annual reports on foreign private capital. All the branches established in India repatriate huge amounts in the name of *'head office expenses'*. The country, a few years ago, had heard of crores of rupees of repatriation per year by the oil companies in India to their *'mother companies'* as head office expenses. No effective steps, to my knowledge have been taken by the Government of India, to stop or even reduce this drain.

The plunder of India by such unaccounted for repatriation of huge amounts can be seen from the following example which came to light a few months ago; the following news as reported in the press (Hindu, June 14, 1970) can only help us to understand the nature of the great drain from India, even though no full account of the amount of the drain on this account is available anywhere in the country—probably not even with the Government of India. The following exceptional story of the grand loot is the success story of 'Coca-Cola'.

The operations of Coca-Cola export corporation of U.S.A. started in India with the setting up of a branch in 1958 with a capital investment of only Rs. 6 lakhs.

The foreign remittances of the corporation, consisting of profits, pro-rata charges on head office expenses, and service charges on exports by the company, rose from Rs. 6.35 lakhs in 1964 to Rs. 75.16 lakhs in 1969. They have 22 units in India, with an annual turnover of 1,400 million bottles, valued at over Rs. 30 crores, sold through 700,000 dealers all over the country.

(Rs. lakhs)

Year	*Profits remitted*
1967	41.46
1968	21.65
1969	75.16

"Part of the expatriated amounts consists of pro-rata charges on head office expenses, and these had risen from Rs. 1.49 lakhs to Rs. 19.84

lakhs between 1961 and 1969. The other elements included in the expropriated profits is the service charge on exports, and this had risen steeply from Rs. 2.07 lakhs in 1965 to Rs. 22.38 lakhs in 1969" (Hindu, June 14, 1970).

"The firm's contention seems to be that such remittances" (as pro-rata charges on head office expenses) *"are not peculiar to the Coca-Cola Export Promotion Corporation alone. Foreign branches of companies abroad always have to pay for techincal and managerial services rendered by their principals, especially in cases where there are impressive export performances. This was done with the full concurrence of the governments in these countries"*.

According to the firm's own expectations *"its operating profits which amounted to $ 330,000 in 1962 would have gone upto $ 3.8 million by 1972"*—that means, by 1972, its profits would be Rs. 2.85 crores.

What an excellent commercial success this is! With an investment of only Rs. 6 lakhs, it has remitted Rs. 136 lakhs of profits in 3 years. And it has planned to make a profit of Rs. 2.85 crores in 1972. The firm's contention is that it is in no way exceptional that the company repatriates Rs. 19.84 lakhs on pro-rata charges on head office expenses and other Rs. 22.38 lakhs on service charge on exports, other than Rs. 32 lakhs as profits in 1969, since all foreign branches of companies adopt this method of paying the head office for its expenses incurred for their business in India. And the most important of all is that *"this was done with the full concurrence"* of the government! And yet, one cannot now charge this government in a court of law for the most conscious breach of trust and criminal conspiracy against the people except to wait for the day, when it can be charged in people's court!

(3) Foreign private investment has least foreign exchange inflow but has an increasing exchange outflow.

We have noted that, between 1948 and 1968, "private foreign investments increased by Rs. 1,300 crores. Not all the amount invested is in the from of actual inflow of foreign capital. Quite an amount of capital invested is either in the form of retained profits, or through loans from P.L. 480 counter part rupee funds known as Cooley loans, or in the form of shares allotted in lieu of transfer of technical knowhow, or for engineering fees, or for other services and charges. We have noted as an example how Montecatini, the Italian firm, was allotted Rs. 1.20 crores as share capital for certain services rendered and for technical knowhow. Even though there is no foreign exchange gain the above investment, there is a continuous loss in foreign exchange due to repatriation of profits on that investments.

The following table, from *"Foreign Investments in India"* by Kidron (Page 310), clearly shows that *"during the 15 years for which data exist in which foreign investment stake has more than doubled, foreign investors as a whole have taken out of the general currency reserve nearly three times as much as they contributed directly"*:

Foreign Capital Sector's Balance of External Payments 1948-61

(Rs. crores)

Foreign exchange losses :		
(1) Repatriation of capital		141.1
(2) Profits paid abroad		381 0
(3) Royalties, fees etc.		186.3
	Total	718 4
Foreign exchange gains :		
(1) Gross investment in cash		60.2
(2) Gross investment in kind		186.9
	Total	247.1

Total debit balance : Rs. 471.3 crores

It is clear from the above table that foreign investment exacerbates the imbalance in the balance of payments accounts, and only helps to deeper the crisis the country is facing in the foreign transactions account.

(4) **Foreign investment increases imports, obstructs exports :** We have noted how foreign capital—both loan capital and private investments—are intended mainly to create a sustained climate for the export of commodities and spare parts to underdeveloped countries. An industry or a particular machine imported, is a sweetener demanding further imports for the same —for its maintenance. Most of the imports, tied to a particular source and tied to a particular loan, are costlier in various forms. This has been well described by Ronald C Heath in the **Indian Express** (June 19, 1971) in his short article, *"World Bank tractors Bonanza"*. He says that import of complete tractors for mechanisation of agriculture is going to create *'chaos'* in three or four years, when all kinds of tractors of all sorts of makes will be lying rusting and immobile for want of spares.

When there are already five or six tractor manufacturers producing in this country with Western collaboration which entitled them to tender the World Bank scheme, why *"In each case has the World Bank called for complete tractors"* ?

> *"Why is this? Let us be very fair. India happens to be the buyer. If it is a question of dictating terms, I feel that we should respectfully point out to the World Bank that we are the buyers and that it is for us to decide the conditions in which we receive the tractors and not for them".*
>
> *"At this very day the tyre companies, wheel rim companies, battery manufacturers, engine manufacturers, radiator manufacturers, instrument manufacturers, sheet metal manufacturers, steering wheel manufacturers, are all looking for work or markets*

or customers, to say nothing of the young brilliant engineers who looking for employment".

Why then this import of complete tractors? There can be no other answer except that *"tractors coming from the West, coming in completely built-up form, helps to maintain full employment in those areas"* and that it helps to knock off the subsidiary profit, like insurance business for export, heavy transport profit for shipping companies, packing and loading charges, and the bank commission, apart from the profits on the tractors themselves.

Indeed, *"Anyone who dares to suggest that the World Bank has not been of real assistance to developing countries would be doing this organisation a great dis-service"*, and anyone who dares question the patriotic motives of our *'national'*, self-reliant, independent government, would be hauled up for anti-patriotic activities before a court and the dangerous conspiracy to overthrow the 'garibi hatao' Government would be nipped in the bud.

What is the loss to the nation in terms of rupees, annas, and pies, due to excessive prices that have to be paid owing to the tied nature of these loans other than the interest we pay on the loans. The latter payment comes into the calculation under the amortisation payments account, but the hundreds of crores of rupees the country pays in excess of international market prices of commodities is paid under loan account and is incalculable. Every year, for the past 10 years, we have been purchasing commodities worth a minimum of Rs. 500 crores from the loan account. Even if a 15 per cent is the excess price paid for them, it is a clear Rs. 75 crores of *'excess'* loot!

Added to this extraordinary exploitation, the foreign capital in our country is a hindrance to earning foreign exchange.

With such phenomenal prices paid for our imports ransom, are we free to export any commodity we wish and to any place we like to reimburse our expenditure on imports and to maintain a balance in the balance of payments accounts. No! This *'sovereign'* nation is not free to export any commodity it wishes, to any country of its choice.

It is being dinned into our ears that export earnings are the fulcrum in our development plans. *'Export or Perish'* has become a major slogan. Export incentives are unaccountable in number. Yet exports are lagging far behind the need. Various causes are being bandied about for the failure to earn enough from exports. But about one major cause the country hears the least. We have noted previously that foreign collaborators control production, management, prices, and finance. Not satisfied, they control even our export trade. A close study of the agreements arrived at reveals the extraordinary shackles imposed on India's export trade by them.

Let us look into a few examples which have seen the light of day.

(1) The major reason for the failure to achieve the target of exports in the bicycles industry, it was reported in 1962, was the restriction imposed

by the Raleigh Company in their agreement that the products of the industry produced under their patents cannot be exported, except to two or three countries.

(2) Eastern Economist's Annual Number for 1963 has published the following clause as part of the agreement between Hindustan Dowidata Tools Ltd. and its foreign collaborator of West Germany. The clause restricts the right of the company to export its goods in the following manner: "The company has also a right to export these tools to Iraq, Viet Nam, Iran, Afghanistan, Burma, Cambodia, and Nepal and such other country as might be mutually agreed upon between the company and the foreign collaborator".

(3) Hind Auto Industries, registered in Lucknow, with an authorised capital of a crore of rupees, in its announcement for the issue of capital published in Hindustan Times on June 5, 1963 has the following to say: "The company will have collaboration with Messrs Alfred Sell Autotrilebabrite of West Germany, who are one of the largest manufacturers of automobile components in the country. They have also agreed to participate in the share capital and have given to the company the rights to export its products to all countries except Europe, the whole of American continent including Canada and West Indies".

(4) Even in regard to public sector industries, we are not free to export as we like. The case of Indian Telephone Industry is a glaring example. Due to our friendly relations with Asiatic countries, some of them enquired from the company in 1957 whether they would be able to supply them with its products. We could not take advantage of this demand because of the restrictive agreement with the foreign collaborator AEI.

(5) The same seems to be the case with Heavy Electricals of Bhopal, with restrictive conditions on its sales to other countries.

(6) It is reported in the Hindu Survey of Industries, 1962, that "except some sporadic attempts by individual units, there has been no serious attempt on the part of the manufacturers in general to export in the case of storage batteries and dry cells. The dry cells industry is one of the oldest in the country. Eveready was established in 1925. Later is was acquired and expanded in 1937-38 by Union Carbide of USA". "The industry's contribution to the foreign exchange resources is not yet enough", even though, "there is good scope for the export of batteries". The reason adduced by the author of the article in the Survey is "the weakness in the ownership and the organisational structure of the industry", which is "a part of the large combine with international ramifications", and naturally, "its problems are different from those faced by the Indian sector" and our national interests.

The following information, recorded by the Report of the Industrial Licensing Policy Inquiry Committee, provides some information regarding restrictions placed on collaborating firms by foreign partners in regard to exports:

Pattern of Export Conditions in 270 Collaborations

Exports not allowed	6	
Exports restricted to specific areas	76	
Exports allowed on payment of additional royalty	72	
Exports restricted to specific quantity	12	
Other export conditions	9	
Total	175	64.8%
Exports freely allowed	95	35.2%

The following comments in the report are extremely important:

"One major reason why foreign firms are interested, under conditions such as those existing in India, in entering into collaborations is that with the existing import restrictions the only way in which they can have a foot-hold in the Indian market is through collaboration. On the other hand, having their own interests to pursue in the markets provided by other countries, they would not be normally interested in encouraging exports from India of the products whose production develops through their collaboration. In order to guard their interests in foreign markets, most foreign collaborators like to impose export restrictions in the collaboration agreements".

Exports are restricted by the very nature of collaboration. For example, the very conditions "under which the Indian parties are obliged to purchase from foreign collaborators or their nominees, the requirements of plant and machinery, spares, intermediate products and raw materials", would entitle that, "the prices charged would be unduly high", which "indirectly makes exports difficult". Other than the direct export restrictions to specific areas, "the extra royalty on exports is usually 2 to 3 per cent above the royalty permitted for internal sales. This extra royalty is bound to add to the cost of Indian exports and thus reduce their competitive character". We also find that there are certain agreements that contain vague export restrictions such as export being subject to the prior permission of the collaborator". (Main Report, Page 135)

According to the Reserve Bank of India Survey, out of 1051 cases, export was totally prohibited in 36. In 149 cases permission of the collaborator was necessary for export, in 197 cases exports were permitted to only certain countries, and in 42 cases exports were prohibited to certain countries (Directory of Foreign Collaborations: Volume 2, Section 4, page 80).

Thus the Indian bourgeoisie has allowed the foreign collaborator to loot in various forms.

Profits are exceptionally high

In the process of multi-dimensional loot of the country, the prices of the commodities produced by the foreign-controlled firms are highest and the profits exceptional.

A Tariff Commission Report on Rubber Tyres and Tubes reported that profits to capital employed for Dunlop Rubber Co., (India) Ltd., averaged 26.8 per cent annually between 1917 and 1953; compared with 17.5 per cent for its principal in Britain over the same period—a difference of over 50 per cent.

The following table gives the comparative figure for 3 companies representative of the largest foreign investors :

Net Profits as a Proportion of Net Worth : Indian and Parent Companies, 1956 to 1961

Year	UNI-LEVER		ICI	
	Home	India	Home	India
1956	16.4	15 7	7.2	19.0
1957	12.7	14.7	8.1	9 2
1958	13.6	19 0	4.8	3.5
1959	15.2	29.7	8.9	10.1
1960	12.8	25.6	7.1	23.4
Average	14.1	20.9	7.2	13.1

Year	METAL BOX OF INDIA	
	Home	India
1958	9.3	13.9
1959	10.5	16.0
1960	11.2	21.8
1961	-8.3	18.3
Average	9.8	17.5

It should be remembered that, even though accounts of other companies are not compared, *"the three detailed here are representative of the largest foreign investors."* (Kidron, page 247).

We have previously noted how foreign companies' profits in India were higher than those of the Indian private or public limited companies.

India is one of the poorest countries in the world. According to the latest figures compiled by the World Bank, India ranked 22nd among 27 developing countries in per capita income in 1969. (Times of India, January 7, 1972). Yet, India is the highest priced country—the commodities produced are priced so high, that prices are higher than the international market

price, since we have to pay heavily for technical knowhow, components, semi-industrial raw materials in the name of royalties and patents and above all, for loans to purchase the above components, including technical know-how. We have noted in passing the opinion of the World Bank on prices of motor vehicles being high due to the heavy loan capital in the industry and the opinion of the Tariff Commission about the extraordinary high prices paid for the imported components. Here we shall give the latest example of drugs—the products of this foreign-based industry are the highest priced in the world, and it makes heavy profits.

PRICES OF DRUGS

The Tariff Commission has stated that "the prices charged by foreign companies in India are higher than those of their associates in the foreign countries". For instance, Hoechst sells 50 terbutaline tablets at Rs. 14 in European countries, and at Rs. 27 in India. Pfizer sells 60 tablets of oxytetracycline at Rs. 10.68 in Italy, and at Rs. 30.30 in India. Cyanamid sells aureomycin in Argentina at Rs. 9.01 for 16 capsules, while its associate in India, Lederle, sells the same for Rs. 52.42. The same firm sells tetracycline (terramycin) at Rs. 9.01 for 10 capsules in Argentina, and at Rs. 46.39 in India.

The bigger the firm, the higher the prices—this seems to be the truth about the foreign firms. They seek to cash in on the popularity of the trade mark. For instance, Vitamin B-12 in 5 ml. packing is sold by Thereachem in the retail market at Rs. 1.75, by Calila Lab at Rs. 2.75, by Gujarat Pharmaceuticals at Rs. 4.50, by Glaxo at Rs. 5.25 and by Alembic at Rs. 5.30 (*Patriot*, June 1, 1970).

PROFITS OF DRUG FIRMS

The enquiry by the Tariff Commission has revealed that the profits of the pharmaceutical industry are extraordinarily high on invested capital. It revealed that, in 1965-66, manufacturers of the specified basic drugs obtained 32.5 per cent profit on the capital employed. The manufacturers-cum-formulators of drugs, who were included in the enquiry obtained a profit rate of 36.9 per cent.

The Tariff Commission also found that the profitability ratios on capital employed or on sales are the highest for the foreign majority share-holding companies. The companies with foreign majority share holdings paid the highest dividends each year, ranging from 25 to 30 per cent.

> *"The huge profits earned by these foreign-controlled firms can be assessed from the fact that 15 such companies in one year alone produced drugs and pharmaceuticals worth Rs. 64.36 crores, even though their subscribed capital was only Rs. 23.51 crores".*

When the Government tried to bring the profit down to 15 per cent on sales, the Organisation of Pharmaceutical Producers in India threatened the government that "if investments in this sector are discouraged, the

capital will make the best alternative choice of going to another leading sector" and "to some other Asian countries". With the monopoly in their hands, strengthened with patent rights they have held the country to ransom.

A report appearing in Times of India reveals that "It has come to the notice of the Government that several drug manufacturers are continuing to make huge profits well in excess of the 15 per cent of turnover ceiling laid down in the Drug Prices Control Order".

"In 1969, Wardner Hindustan made a gross profit of Rs. 72.04 lakhs on sales of Rs. 268 lakhs, giving a profit margin of 26.9 per cent. In 1970, sales rose to Rs. 429 lakhs and the gross profit margin actually increased to 27.5 per cent instead of falling".

"For the year ended November 31, 1969, Pfizer achieved a gross profit of Rs. 4.45 crores on sales of Rs. 16.35 crores, at a margin of 27.1 per cent. This should have been almost halved as a result of the cut in drug prices. But the latest balance-sheet shows only a slight fall in the profit ratio to 26.4 per cent—gross profits were Rs. 4.59 crores on sales of Rs. 17.34 crores".

"Sandoz had a profit ratio of exactly 15 per cent, the permitted level in 1969". Probably, to spite the Government Drug Prices Control Order and reduce it to its size, "after the cut in drug prices, the ratio went up to 15.3 per cent in 1970. The gross profit in 1970 was Rs. 125.38 lakhs on sale of Rs. 852.20 lakhs, as against a gross profit of Rs. 112.9 lakhs in 1969 on sales of Rs. 762.5 lakhs".

The Drug firms are aware that "there is no provision for any fine or penalty for overcharging by drug companies". They are also aware that the excess profits "will have to be utilised with the prior approval of the Government for (a) research and development (b) adjustments against future profits or losses, and (c) such other purposes as may be specified by the Central Government from time to time."

(Times of India, August 9, 1971)

— The all-powerful international monopolies know that the Government of India is incapable of enforcing their own order and that the Order itself is worded in such a way, as to allow huge profits to pass through its loopholes openly if possible and surreptitiously if necessary.

Therefore, the huge cost the Indian people are bearing in the interests of the super profits of foreign capital, is not fully evident in the truncated and tarnished accounts of the Reserve Bank of India we have referred to earlier.

Initiating the discussion at a symposium on *'Foreign Investment'*, organised by Forum of Financial Writers in New Delhi, Mr. Kuldip Narang said: "dealing with cost factor, said the British—owned companies in traditional industries like food, beverages, tobacco, chemicals and plantations, not requiring advanced technology, were still taking advantages of

sellers market and were continuing to repatriate large amounts in foreign exchange". Such companies, with the advantage of brand names, "in a number of cases had repatriated in foreign exchange an amount equivalent to one thousand times their original investment in one or other".

I would like to question : Is it not true that foreign capital has a monopoly of all that has to be done, and profits are all profits of foreign capital? Is it not true that the Indian citizens, as in the days of colonial India, are yet in 1972 "hewers of wood and drawers of water" to the British, American and other foreign capitalists ?

Terms of Trade

The tie-up of foreign capital with Indian industries is one of the aspects concerning deteriorating *'terms of trade'*—though it cannot be said that it is the only reason. Actual user imports account for 55 per cent of the total imports. Actual user importers, and their associates abroad, were responsible for nearly one-half of the terms of trade equation which moved steadily against India. These adverse terms of trade—increasing prices of manufactured goods and other raw materials—has adversely affected India's export trade so that our debt repayment problem has become serious. How India's share in world exports is getting reduced can be seen from the following table. Indian industry's tie—up with foreign monopolies which already have an established world market and which are not interested in exports from India to the detriment of exports from their own country, is increasing India's problems in this sphere too :

World Exports and India's Share

(million dollars)

	1961	1963	1965	1967	1968
World exports	118.60	136.00	165.30	190.50	212.60
Indian exports	1.39	1.63	1.69	1.61	1.75
Indian exports at 1961 level	1.39	1.59	1.93	2.23	2.49

Source : Economic and Political Weekly, January 1970, Page 246.

It is very clear that India's exports, dependent on cotton textiles, jute, tea, iron ore, and such other traditional and raw materials, exports of which the terms of trade are adverse, have failed to maintain even their percentage in world exports. Dependence on foreign finance capital for the growth of industries will not help the diversification of exports. This trade pattern is one of the features of the semi-colonial economy which has got strengthened in the post-independence period.

Foreign Banks

Foreign Banks play a crucial role in India. It is not surprising that U.S. banks in India play an important role, as isthe case all the worldo ver. As Harry Magdoff in his book "Age of Imperialism" reports :

"The development of banking is a fitting complement to the new role of the United States as the leader and organiser of the imperialist order", and what is more fitting is that, "the biggest growth area of the United States banking today is not in the United States but overseas", since "the dominant position of United States capital in the creation of multinational industrial empires" is unquestioned.

It is easy for the U.S. banks to get a foot-hold in the underdeveloped countries, since the U.S. Government wanted a place to keep its funds. And the U.S. has millions of local currency accumulated to its account, through P.L. 480 Aid. Thus the rupees accumulated in U.S. account for its own use, and those of the Cooley funds, find their way as deposits in these American banks. Thus U.S. banks are never short of deposits to begin with.

Foreign banks in India play a prominent role in the export trade in the mobilisation of necessary resources for the establishment of foreign dominated industries—they "act as magnets of foreign capital investment in India" (Economic Times, February 28, 1970). Nearly 30 per cent of the export trade of India is financed by foreign banks. The bank of America, the First National City Bank, Chase Manhathan Bank, National and Grindlays of UK (in which 40 per cent of the share capital is owned by First National City Bank of America) are the most prominent foreign banks operating in India. They play a prominent role in arranging long-term credits as in the case of Kandla Fertiliser Project.

It was the Bank of America which was instrumental in getting U.S. Steel into the Goa Fertiliser project (Zuari) of Birlas.

Air India's purchasings of Boeing air craft was substantially financed by the American banks.

Among the foreign banks, the American banks are more important in their new role as magnets of the capital.

Foreign banks in India are being provided more facilities, by the Government and the Reserve Bank of India, to increase their activities widely.

Economic Times of October 2, 1970, reports that foreign banks were helped by the Reserve Bank of India by its allowing them mobilisation of funds through what are known as *'participation certificates'*. By allowing the foreign banks the privilege of paying more interest rates for depositors of 'P' certificates, they could easily tap "Rs. 20-25 crores for three months at 6.50 per cent"

The following table shows the interest rates of newly floated participation certificates by foreign banks and comparable deposit interest rates payable by banks.

Interest Rates of FNCB 'P' Certificates		Comparable Deposit Interest Rates Payable by banks	
	(per cent)		(per cent)
30 days	5.30	Less than 15 days	Nil
60 days	6.00	15 to 45 days	1 25
90 days	6.50	46 to 90 days	3.50
180 days	7.00	90 days to less than 6 months	4.00
365 days	7 50	6 months and over but less than 9 months	4.50
		9 months & over but less than one year	5 00
		One year and over but less than 2 years	5.50

The scheme of *'Participation Certificates'*, devised by the foreign banks, led by the First National City Bank, is a major instrument for funnelling in large chunks of short term funds. As Economic Times says: "it is a lucrative alternative to bank deposits" and "the rate of growth is likely to spurt in the coming months." (Economic Times October 2, 1970).

Three points arise in assessing the 'P' Certificates scheme approved by the Reserve Bank of India:

(1) It allows foreign banks to circumvent the ceiling rates of interest payable on term deposits

(2) Public sector institutions like the L.I.C., and perhaps U.T.I., are bolstering the quasi-deposits of foreign banks.

(3) The scheme is apparently confined to the foreign banks.

By circumventing the ceiling of interest rates, the foreign banks are able to divert the public savings from the Indian bank to itself. They need not resort to the Reserve Bank of India for marginal accommodation. As pointed out earlier, they could easily tap Rs. 20 to 25 crores for three months at 6.50 per cent.

The Economic Times is of the opinion that public institutions, such as L.I.C. and perhaps U.T.I., are bolstering up the quasi-deposits of foreign banks. It is no surprise to me that foreign banks are the gainers

from the 'Nationalisation of banks' in 1969. In a series of statements I gave at that time, I had warned of such a situation. It need surprise none that L.I.C. and such government financial institutions are *'bolstering'* the deposits of foreign banks. We have previously noted how L.I C., I.F.C., I.C.I.C.I, have helped to *'bolster'* the foreign private corporate sector to dominate the fertiliser and chemical industry—through NOCIL, Polyolefins, Cawnpore Fertiliser, etc. Foreign capital and bureaucrat capital are functioning like Siamese twins, with a fixed purpose, and well-co-ordinated.

Economic Times further reports that this facility to mobilise resources "is apparently confined to the foreign banks", and by allowing this facility "the Reserve Bank of India is giving an indirect subsidy to foreign banks". "The availability of an extra *'non deposit'* resources of the order of Rs. 15 to 25 crores is by no means small. Just how cheap can be gauged from the fact that the State Bank during 1969-70 busy season paid over 15 per cent for additional accommodation from the Reserve Bank".

I am unfortunately not in a position to give the total loss India is sustaining due to the functioning of the foreign banks in India.

All loan capital diverted to India is funnelled through them. The counterpart funds for the use of American Embassy in India are a source of deposits to them. They control 30 per cent of external trade. They are the creators of multinational industrial empires in India.

Their control over trade and Indian industries, through quite number of visible but more through invisible strings, is phenomenal.

Over-Invoicing and Under-Invoicing in Various Forms

The amount of material loss to India is unaccounted. The functioning of foreign private capital facilitates this corrupt practice to a great extent, in addition to the existence of foreign banks playing the role of a transmitter belt. The way in which foreign loans, foreign banks and foreign big business play a dangerously notorious role, can be seen through the dealings of the Jayanti Shipping Company.

A staff reporter of Economic Times reports (February 21, 1970) that "in an obvious bid to curb excessive foreign exchange outflow arising from the sale of foreign-owned companies in this country to Indians at deliberately inflated prices, the Reserve Bank today *'advised'* foreign companies proposing to sell their assets in India to obtain its prior approval, if the sale is likely to involve *'significant repatriations'*, that is more than Rs. 10 lakhs."

This transaction of *'deliberately inflated prices'* indicates, *"the deliberate over-payments'* that are made, on the understanding that the excess amount be credited to the buyers account in foreign banks. Such transactions are many—"inflation of the price has been a feature of many transactions involving foreign company assets in India".

Such over-invoicing and under-invoicing transactions are not limited to the sale of assets alone. Trade has used this method, successfully and continuously year after year. A few instances that came to light, as for instance Jardine Handerson's transactions in early 1960s, are only the tip of the ice-berg.

Such transactions, as those given above, deplete India's resources, reduce to the minimum our capital formation, and are a great drain on our national income year after year. The loss to the country has never been even approximately circulated. Unfortunately, even such items of expropriation as could be calculated, such as the drain due to payments to foreign personnel in administration, education, industry, and in various other fields, is not published fully. Even the accounts on payments for royalty, technical knowhow, and profits, are scattered and not fully accounted for. The amounts expropriated and repatriated on account of service charges to the head office expenses, and interest payments on ways and means loans from the head office, are any body's guess since no proper accounts are ever available even with the Reserve Bank of India.

Indeed, such is the secrecy maintained on the outflow of foreign exchange that even one of the industrialists, Mr. Kuldip Narang, in the Forum of Financial writers in New Delhi (as reported by PTI on July 26, 1970), had to call on the government "for a full steady of the cost in terms of the outflow of foreign exchange involved in the various types of collaboration permitted so far". And Mr. Venkatraman, a spokesman of the Ministry of Industrial Development, had to admit "that there had been no complete study of the impact of foreign collaboration in India so far" and that there were information gaps. "Recently, undertakings with foreign collaboration had been asked to give returns in a proforma and those would provide some material for study".

It is only recently, (June 2, 1970, accordidg to PTI) that the foreign oil companies in India have been asked by the Government of India to review their remittances and "are required to indicate item-wise for the period 1960 to 1969 the annual remittances made in dollars or in sterlings on various accounts...." in respect of remittances for (1) engineering services, (2) technical information services, (3) royalties, (4) license fees, (5) New York, London or any other foreign office expenses, (6) remittances as dividends, (7) remittances of interest on overseas loans, (8) remittances of depreciation reserve with a certificate that this has been acquired for replacement of plant and machinery and (9) remittances on account of items not specified." (Economic Times June 2, 1970).

Within the limitations listed above—in the earlier portions of this chapter and here—it is now our task to figure out the total amount paid to foreign sources at least in any one year.

We have seen above how some of the firms have been making a profit of more than 100 per cent of the invested capital and yet it looks fantastic that the Reserve Bank Bulletin accounts do not show any increase in the amount of repatriated profits.

According to Reserve Bank of India Bulletin Profits of Rupees companies which are foreign controlled are as follows :—

Profits of Foreign Controlled Rupee Companies Allocable to Country of Control

(Rs. in crores)

Year	Earned	Distributed	Retained
1964–65	40.6	20 2	20.4
1965–66	39.9	21.2	18.7
1966–67	38.7	23.8	14.9
1967–68	44 0	25.8	18:2

Source : R. B. I. Bulletin: March 1971 page 359.

Out of the amount earned, the larger part is distributed—i.e. repatriated to home countries. Separate accounts have not been given of the amounts earned and distributed by the branches of foreign companies. But, since total profits of both branches and foreign controlled rupee companies are given, one can separate the profits of the branches.

Profits of Branches of Foreign Companies

(Rs. crores)

Year	Total Profits of Branches and Rupees Co.s	Profits of Rupees Co.s	Profits of Branches
1964-65	54.6	40.6	14.0
1965-66	50.6	39.9	10 7
1966-67	43.9	38.7	5.2
1967-68	57.9	44.0	13.9

If we were to assume that the total profits of the branches have been repatriated, the total repatriated profits of both branches and foreign rupee-controlled companies are as follows :

Repatriated Profits of Branches and Foreign Controlled Rupee Companies

Year	Branches	Rupees Co.s	Total
1964-65	14.0	20.2	34.2
1965-66	10.7	21.1	31.8
1966-67	5.2	23.8	29.0
1967-68	13.9	25.8	39.7

These figures obviously do not include the profits earned and repatriated by foreign capital invested in companies of minority shareholding. Therefore, even the full amount of repatriated profits are not available even for 1967-68, which happens to be latest year for which accounts are published in such a scrappy, truncated, method.

I would request the court to compare these figures with those given in the chapter on *'Foreign Private Capital'* for the same years, and note what an amount of difference there is in the two sets of figures. It is like entering the dark jungle of statistics unable to find one's way out. That is how the country is kept in the dark from about the facts on the enormity of profits exported by foreign capital.

Now let us take the question of technical and professional services. The latest R. B. I. survey on foreign collaborations for 1960-61 to 1966-67 has produced certain figures on the payment of technical fees which amount to as little as Rs. 2.98 crores in 1963-64. In a table in the previous chapter are given the figures for all the years, from 1960-61 to 1966-67, years-wise. The following figures from the earlier survey of the Reserve Bank of India, for 1956-57 to 1960-61, will show that as per the latest survey the technical fees paid have already been reduced. How could it happen? Let us compare and see:

Technical Fees remitted during 1956-57 to 1960-61

Year	(Rs. crores)
1956-57	5.5
1957-58	4.7
1958-59	4.4
1959-60	5.8
1960-61	9.2

For the later period, the highest was Rs. 5.61 crores in 1965-66 and the lowest was Rs. 2.63 in 1963-64. It might be said as an excuse that the later survey did not go into the whole gamut of foreign investments. But then, even after so many years, why this failure to record the whole?

Therefore, no full accounts are available about the repatriation of royalty, technical fees, and other payments after 1960-61.

For this reason, we must limit ourselves to the five years of the Second Five Year Plan for a figure for all these.

Remittances for Royalties, Patents Head Office Expenses, Technical and Professional Services, 1956-57 - 1960-61

(*Rs. crores*)

Year	Technical and Professional Service	Management Fees, Office Expenses, Etc.	Royalty, Patents Etc.	Others	Total
1956-57	5.5	9.6	1 2	7.3	23.6
1957.58	4.7	10.5	0.9	9.2	25.3
1958-59	4.4	9.2	1.3	13.6	28.5
1959-60	5.8	10.0	1.8	11.1	28.7
1960-61	9 2	11.9	2.5	9.3	32.9
	29.6	51.2	7.7	50 5	139.0

During the Second Five Year Plan alone, the foreign sector has repatriated in the form of profits, capital, royalty, and other changes, Rs. 395.7 crores. After 1960-61 foreign liabilities in the private sector had increased from Rs. 690.5 crores to nearly Rs. 1,542 crores by March 1968. Would it not be true to say that, with increased collaboration and foreign capital investments, the outgo on these counts would be at least double.

From whatever angle one looks at the problem, it is clear that a minimum of Rs. 300 crores must be the outgo as repatriation of profits, capital, royalties, technical and professional service, management fees, home office expenses, and others. From the Reserve Bank of India Bulletin, March 1971, we are informed that, in 1967-68, there was an outflow of 90.9 crores of capital repatriation other than that of repatriation of Rs. 40 crores as profits of branches and rupee companies.

To this Rs. 130 crores should be added the directors' emoluments. We had seen previously as to how just 14 directors of only 10 companies had been allowed—as salaries and percentage of profits—an amount of Rs. 32 lakhs. Payment to some thousands of directors, of about 500 and odd branches of foreign companies and 366 foreign-controlled rupee companies, would amount to nearly Rs. 25 crores—even if these payments are at the minimum. Then there are technical personnel equally high in the numbers to be paid, who would be receiving anything between Rs. 5 to 10 thousand in salaries. Add to these the '*Home*' charges: Just Coca cola being allowed to repatriate Rs. 41 lakhs in 1969 as '*homoe ffice service charges*', what would be the total amount repatriated from companies such as Caltex, Burma Shell ILTD, and scores of such other international companies ? If proper accounts are provided to the country—which, of course, we may not expect, from this Government—the multifarious forms of loot from the country should shock any decent person.

This economic drain of the wealth of this country carries away a large part of its potential savings. Even the volume of annual interest remitted abroad, on account of the existing and growing investments, would never allow accumulation of enough capital for a self generating growth.

Though the total volume of foreign capital which is invested in our industry is small in comparison to Indian capital it has overwhelmed it in all major industries—transport, chemicals, pharmaceuticals, fertilisers, electrical, aluminium, petroleum, engineering, and a score of others.

Basically foreign capital cannot but be anti-national. It can only replace and suppress national capital. The history of all nations has shown that foreign capital enters underdeveloped countries not to augment but overwhelm and suppress national capital, not to help and serve but to despoil and to become a master. It is a never-ending process of self-expanding drain, by reinvesting a part of the super-profits appropriated in this country for further and greater exploitation.

To rebuild our country into a strong, powerful, and healthy nation, there is no other way but that of total expropriation of foreign capital.

THE PUBLIC SECTOR

The growth of the public sector in India has received extremely high complements from the circle of so-called friends of India—especially the Soviet revisionists. Professer R Ulyanovsky, in an article in Pravda, August 4, 1970, writes that the state sector in India "is growing stronger and dominates in some branches. It plays an important part in reducing the power of the monopolies, weakening the position of foreign capital and narrowing the gap in the level of economic development in different parts of the country". Indian progressives, led by the C.P.I. revisionists, have been crying hoarse that, due to the growth of the public sector, independent industrialisation of India is on the march towards a successful culmination. It is necessary and of utmost importance to study this question to arrive at a few objective conclusions as to the true nature of this phenomenon in the Indian economy.

It must be stated, at the very outset, that the state sector is not a peculiar feature of the Indian acquisitive society. Intervention by the State in the production process of a country is a common characteristic of all capitalist countries. As a matter of fact, this has become absolutely necessary to preserve and strengthen capitalism itself. In the process, Britain had to nationalise its coal and steel industry. Galbraith, the ambassador of the U.S. in India, has written that the public sector in America is very much larger than in India. Therefore, the growth of the public sector, by itself, does not denote progressiveness of any State.

In the earliest days of industrial growth—i.e., more than 150 years ago—the first foremost economist, Adam Smith, had clearly forecast the necessity of State intervention in the interests of development of private capital itself. He had enunciated that the erection and maintenance of public works—which though in the highest degree advantageous to a great society are however of such a nature that the project could never repay the expense to any individual or small number of individuals and which therefore cannot be expected to be undertaken by individuals—had to be done by the State directly and on its own responsibility so as to provide enough incentives for the growth of private investment.

F. Engels in his brilliant book, "Antiduhring", had stated that the growth of capitalist productive forces "*leads first to various forms of joint stock companies and later on, when even that method becomes insufficient, to the direct ownership and control of the means of production by the State, as the official representative of the capitalist society*". He further stated that "*the more productive forces it takes as its property, the more it becomes the real collective body of all capitalists, the mor*

citizens it exploits. The workers remain wage-earners, proletarians. The capitalist relationship is not abolished; it is rather pushed to an extreme".

Therefore, public sector, or the State's direct intervention in production is not a new feature. And it does not mean that establishment of the State sector is a progress towards establishment of socialism.

But then we are told that intervention by the States in underdeveloped countries, would play a progressive role since it helps mobilise the internal resources for independant development of industries, that is an instrument of anti-imperialism used mainly for growth of indigenous capitalism. If its character is really anti-imperialist then the State does play an extremely important, progressive, role. Thus, in an under-developed country, intervention by the State may be progressive if it enables the country to fight for, and consolidate, its independance vis-a-vis imperialism. But state capitalism, in alliance with foreign capital, becomes a pure and simple means of exploiting the people and endangers the very independance of the country. In such a situation, it can never play the role of an instrument of anti imperialist and independent industrial growth.

Industrial Policy Resolution

The growth of the public sector in independent India had a base even before 1947, when the basis of state monopoly had already been laid by the British Government in the 20 odd ordnance factories managed by the Defence Ministry.

After independance was proclaimed, the industrial policy resolution announced by the Government in 1948 was forthright in its welcome of foreign capital. Moreover, Prime Minister Nehru's statement later, in clarification of the resolution, that there should be nodiscrimination against foreign capital laid the foundation for the policy to be implemented even in the public sector. This aspect of government policy should be constantly kept in mind when one studies the future of the state sector in our country.

The Second Five Year Plan categorically stated that, in 'a growing economy which gets increasingly diversified, there is scope for both the public and private sectors to expand simultaneously, but it is inevitable, if development is to proceed at the pace envisaged and to contribute effectively that the public sector must grow not only absolutely but also relatively to the private sector".

The areas in which the public sector will grow, and grow faster than the private sector, were clearly enunciated in the Industrial Policy Resolution of April 13, 1956, where it was promised that :

In the first category will be industries the future development of which will be the exclusive responsibility of the State.

The second category will consist of industries, which will be progressively State-owned and in which the State will therefore generally take the initiative in establishing new undertakings, *but in which private enterprise will also be expected to supplement the effort of the State. The third category will include all the remaining industries, and their future development will, in general, be left to the initiative and enterprise of the private sector.*

Industries in the first category have been listed in Schedule A of this Resolution. All new units in these industries save where their establishment in the private sector has already been approved will be set up only by the State. *This does not preclude the expansion of the existing privately owned units, or the possibility of the State securing the co-operation of private enterprise in the establishment of new units when the national interests so require. Railways, and air transport, arms and ammunition, and atomic energy will, however, be developed as Central Government monopolies. Whenever co-operation with private enterprise is necessary, the State will ensure, either through majority participation in the capital or otherwise, that it has the requisite powers to guide the policy and control the operations of the undertaking.*

Industries in the second category will be those listed in Schedule B. With a view to accelerating their future development, the State will increasingly establish new under-takings *in these industries. At the same time, private enterprise will also have the opportunity to develop in this field, either on its own or with State participation"*

It is now 15 years since the resolution was passed by the highest body of people's representatives—the Parliament. Now we should study the results and see whether my contention that the public sector has become, and is becoming, more and more a base for private capital and much more so for foreign capital is true. In my opinion, it can as well be said that this Resolution does not exist since it was stealthily thrown into the dustbin even before the ink with which it was written was dry. Let us now examine a few cases to concretise the above criticism.

COAL : Coal and lignite was one of the industries in Schedule A—i.e., those industries whose "further development will be the exclusive responsibility of the State". Let us now see how this particular resolve has been implemented. Instead of my enumerating the facts, I feel it would be better to hear straight from the horse's mouth : the Estimates Committee of Parliament in its report in 1962-63 gives the following facts.

"The industrial policy resolution of 1956 listed coal in schedule 'A', thus envisaging that its future development was to be the exclusive responsibility of the State." (page 1).

"The industrial policy resolution of 1956 envisaged that 'all new units' in the coal industry are to be set up only by the State. This does not, however, preclude the expansion of the privately owned units".

"The Second Five Year Plan clearly contemplated that.... the private sector should raise its share of additional 10 million tonnes from their existing workings and immediately contiguous areas." (page 2)

"The committee were informed that since the middle of 1956, the Central Government had given its approval to the private sector of the coal industry to develop new areas in 49 cases in various states." (page 2).

"It is, however, seen that out of the 49 areas referred to above, 25 are contiguous and 24 non-contiguous. The representative of the ministry explained during evidence that Government took a pragmatic view *of the Industrial Policy Resolution and interpreted it rather liberally."* (page 3)

"The committee note that in the Second Five Year Plan, it had been specifically stated that 'in future, the policy of retaining all new undertakings in coal in the public sector should be more strictly followed.... *The expansion of production by the establishment of new collieries will be undertaken* wholly *in the public sector'. The committee feel that the present policy of Government in allowing non-contiguous areas to the private sector is strictly not in consonance with the Industrial Policy Resolution and the decision contained in the Second Five Year Plan. The rather liberal interpretation of the Industrial Policy Resolution ... is not conducive to the proper development of industry."* (page 3).

Now it is clear that, in 1956 itself, the Government had started condoning the growing encroachment by the private sector into spheres reserved for the public sector by the Industrial Policy Resolution of 1956.

OIL:- This is a field in which the Soviet Union has played an important role as a catalyst for foreign oil companies to enter the public sector. This is a field in which the Soviet Union and the foreign oil companies seem to be playing a role more and more complementary to each other. With the increase in aid to this sector from the Soviet Union there has been an increasing penetration of foreign oil companies into the public sector in this industry. The co-operation between the public sector and the foreign oil companies should have put the Soviet Union to shame for having been used by the compradore bourgeoisie to play the role of improving relations between the foreign oil companies and the public sector. Here too, the Government of India put the industrial policy resolution into cold

storage, and allowed the foreign oil companies not only to establish their branches of refineries in India but also to expand their production.

But the country is being told that, other than the private refineries which were already established in 1956, every *new* development in the oil sector is progressing only under the public sector. This is not quite true. After the three public sector refineries established with Soviet and Rumanian help, oil has come almost entirely in the fold of the so-called joint sector—collaboration between public sector and foreign private capital, with complete domination by foreign finance.

On this question, too, it is better to allow the *Estimates Committee of Parliament* to give a few details. The Estimates Committee in its 34th Report (1962-63) has the following to report:

> *"The Industrial Policy Resolution of April 1956 specified that the future development of mineral oil, will be the exclusive responsibility of the State".*
>
> *Yet "the laying and operation of the crude oil pipeline was the responsibility of the Oil India Ltd, in which the Government of India and Burma Oil Company had an equal partnership in the ratio of 50 : 50."* (page 8).
>
> *"....The Committee was informed that crude oil was supplied by the Oil India Ltd., a company in which the Government of India holds 50 per cent shares. The crude oil produced by this Company is sold only to two customers—viz., Government of India for the use of Indian Refineries Ltd. (2.75 million tonnes) and Assam Refineries (0.25 million tonnes)—making a total of 3 million tonnes in all. Clause 8 of the agreement entered into between the Oil India Ltd., and the Government on July 27, 1961, which provides the formula for pricing of crude oil applied to both the customers is given below:—*
>
> *(1) The price of crude oil would be based upon the C.I.F. price of the Middle-East crude oil of equivalent quality at Calcutta.*
>
> *(2) On this C.I.F. price of the Middle-East crude is a certain discount to be given by the Oil India Ltd.*
>
> *(3) The discount is to be so calculated that it would give Oil India Ltd. a net return of 10.8 per cent of its paid up capital (which is Rs. 28 crores) after payment of all taxes including taxes payable on dividends.* (pages 13-14).
>
> *...It was stated that at present the Indian Refineries Ltd. was paying a* provision price of Rs. 72.79 per tonne *for its supplies of crude oil. Since this price formula, referred to above was based on a total off take of 3 million tonnes.... and the actual off-take was only 5 lakh tonnes, for proportionately higher price would have to be paid to the oil in order to ensure a minimum dividend of 9 per cent.* (page 14)

"It will be seen that, even at present, Indian Refineries Ltd. is paying about Rs. 84 per tonne (including Rs. 12 of sales tax per tonne) for the indigenous crude oil compared to about Rs. 71 to 74 per tonne paid by the refineries in the private sector for the crude oil imported by them (page 15).

EXCELLENT CONDITIONS FOR SUCCESS OF PUBLIC SECTOR

In another report—the 28th report of the year 1962-63—the Estimates Committee, dealing with Indian Oil Company's marketing facilities, reports about certain arrangements made with the foreign oil companies which resulted in a loss to the public sector company but benefited the foreign company. It reports that since the Indian Oil Company had no marketing facilities,

"The company had entered into product exchange arrangements with the other oil companies in the private sector." [The Indian Oil Company] *"was marketing approximately 75 per cent of its production through other oil companies under the product exchange arrangements. These products were made available to the other oil companies on outright sale/purchase basis.* Similar reciprocal facilities were not stated to be available to Indian oil companies from the other oil companies *or their refineries and the issue was at present under discussion* (page 20).

"It is further stated that, on the product exchange transactions, the Indian oil company loses all the profit margin *provided on the Dawle Committee's cost 'build-up'....The Indian oil company* earns no profit *from the sale of products, of the Numaati refinery, to other oil companies under the product exchange arrangements.... The Indian Oil Company is not getting reciprocal facilities to obtain the products from these private sector companies or their refineries.*

Therefore the committee calls for an *"examination" and revision as early as possible" of the existing arrangements, and* "that the terms of such arrangements should be drafted *in such a way as are capable of being worked to* mutual advantage *of the parties concerned."* (page 20).

"In this connection (sale of the imported Soviet oil) it has been stated that as soon as supplies of H.S.D. landed for the first time from Russia on Indian Oil Company's account in August, 1961 the foreign oil companies realised that, in the absence of retail outlets, the Indian Oil Company could sell only to bulk consumers like D.G.S. & D., State Transport undertakings, etc. In a bid to retain their business, they quoted special lower rates to the State Transport undertakings. To secure business, the Indian Oil Company, in its turn, had to enter into contracts

at comparative terms, *which resulted in securing the business* at very uneconomical rates (page 22).

This particular instance is enough to show how the foreign monopolies are occupying the summits in the public sector to reap profits as in the case of partnership of Burma Oil Company, in Oil India Ltd., in the case of product exchange arrangements between Indian Oil Company and other foreign oil companies; and further, as in the case of sale of imported Soviet oil, due to undercutting of prices. In all cases, the public sector, instead of curbing the monopoly designs for super profits, has played into their hands.

Growing dependence on foreign oil companies for imported crude even in the case of public sector projects, is having a destorting effect on our foreign exchange bill. Successive investigations made by the Shantilal Shah Committee and the Damle Committee have shown that we have been paying through our nose for our oil products because of our total dependence on a few international oil companies which dominate the world market. In an editorial on petroleum policy in the Economic Times on May 25, 1969, it is said that "In 1968–69, of the 16 million tonnes of crude processed indigenously, we imported as much as 10 million tonnes....projections suggest that in the next 4 or 5 years the imports may be nearly two-thirds of the crude oil required". It is not only a question of excessive payments in foreign exchange. Much more, the oil policy of the Government of India, under the influence of the foreign oil companies, has completely discouraged the efficient use of our own raw materials such as coal on a priority basis resulting in underproduction of coal, closure of pits, and increasing unemployment. The dieselisation of railways and increased use of furnace oil in our industries is a case in point. Thus the concessions and incentives given to the oil companies clearly show that India, more than being an independent and sovereign nation, is much more a semi-colony.

Any number of examples can be given to show how the public sector has become a profitable posture for the private sector at the cost of the nation. Instead of troubling the Court with innumerable examples, I would give only two to show how the private sector—especially the foreign private sector—is profiting directly from the public sector.

Loss to Public Sector, Profit to Private Sector

The U. P. Electricity Board suffered a loss of Rs. 103 57 lakhs during 1967–69 due to underassessment of charges for power supplied to the Hindustan Aluminium Company of Birlas—one of the biggest industrial giants in India built with U. S. funds—almost under the control of the Kaisers of America. Power minister, Narayan Dutt Tiwari, admitted in the State Assembly on July 13, 1971, that the State Electricity Board was suffering a loss of Rs. 2.5 to 3.0 crores a year because of the supply of power at concessional rates to Birla's Hindustan Aluminium Corporation. This American-owned firm is supplied power by the Electricity Board at a

rate of 1.99 paise a unit, which is very much less than the cost of production itself.

The public sector company, Indian Drugs & Pharmaceuticals Ltd., sells bulk drugs to the predominantly foreign-owned drug industry in the private sector. The drug industry stamps tablets, packs and distributes these drugs, at rates of profits touching 2000 per cent of the *'production'* cost. I am putting *'production'* in inverted commas because it is not the drug companies that are producing this drugs. The Indian Drugs & Pharmaceuticals Ltd., is doing that in bulk form. All that the companies are doing is tableting, packing and distributing them. But we do not hear of the I.D.P.L. insisting that the price of the finished drugs should bear a reasonable relation (say five times even) for the prices of the bulk formulations which I D.P.L. is supplying to the drug companies. The information which has been provided in a Mainstream article, October 16, 1971, clearly indicates how Soviet help to the public sector industry is helping the foreign monopolies to reap exorbitently high profits to the detriment of the Indian people.

Even so, the Soviet revisionists proclaim through their books, pamphlets, and the articles in their newspapers, that the aid from the socialist countries has undermined the former monopoly position of the imperialist powers in India! As I have quoted in the first paragraph of this chapter, the Soviet revisionists proclaim that the growth of the state sector in India has played an important part in reducing the power of the monopolies. How false the statement is can be seen from the above examples even though they are only few.

Joint Sector and Foreign Private Capital

This is not the end of the story. In the name of the joint sector, and establishing industries in the state sector, more and more foreign capital has acquired for its own benefit the scarce Indian capital, through the Government. The following few instances taken from the Annual Report on the Working of Industrial and Commercial Undertakings of the Gentral Government, 1964-55, show how foreign and Indian monopolies have with vigour occupied positions of strength in the public sector to use it for their own benefit as against national interest.

Engineers India Ltd. was incorporated on March 15, 1965, in collaboration with Bechtel Corporation for providing engineering, technical, and consultancy services for petroleum products, development of oilfields, pipelines, petrochemical facilities, fertiliser projects, and designing and constructing general engineering, mining and other allied products. Of the shares of this company 50 per cent are held by the Government of India and 49 per cent by the foreign company.

The Indian Oil Corporation which was set up by amalgamating the two public sector companies, the Indian Refineries Ltd. and the Indian Oil Company Ltd., has set up one plant each in Calcutta and Bombay for blending industrial and automotive lubricants in collaboration with Mobile

Petroleum Co. of New York, on equal partnership basis, known as the Indian Oil Blending Ltd.

The Oil India Limited was formed in February 1959 for production and distribution of petroleum products in collaboration with Burma Oil Company Ltd. The paid-up capital was Rs. 28 crores, shared equally by the Central Government and the Burma Oil Company.

Indian Explosives Limited is under the management of Imperial Chemical Industries. Of the subscribed capital 20 per cent is held by the Central Government and the rest by the I.C.I.

Machinery Manufacturers' Corporation Ltd. has an authorised capital of Rs. 1.5 crores, and subscribed capital of Rs. 69.71 lakhs of which Rs. 25 lakhs (4.5 per cent tax free special cumulative preference shares) were held by the Central Government. The corporation is managed by Mahindra & Mahindra as managing agents, and is engaged in the manufacture of textile machinery like cords, carding engines, and diesel engines.

Bolani Ores Ltd. of Calcutta was formed in collaboration with Orissa Minerals Development Co. Ltd., for the supply of iron ore to the Durgapur Steel Plant. The authorised and paid-up capital of the company was Rs. 1 crore. The share capital is held in the ratio of 50.5 to 49.5 by the Central Government of India and Orissa Minerals Development Co. Ltd., respectively. According to the Monopolies Enquiry Commission's report, Orissa Minerals and Bolani Ores are under the management of Baird Heilgers, whose masters are foreigners.

Manganese Ore (India Ltd.) of Nagpur was registered on June 22, 1962, as a joint venture. In return for all the fixed assets and stores taken over by the new company the Central Provinces Manganese Ore Company received shares amounting to 49 per cent of the initial subscription of the new company. The balance of 51 per cent was subscribed in cash by the Central Government and the state governments of Maharashtra and Madhya Pradesh, in equal proportion.

The following are the undertakings with Central Government's investment without direct responsibility for the management as at the end of 1964-65.

(Rs. lakhs)

	Central Government	State Government	Private Parties	Total
1. Oil India Ltd.	1400.0	000.0	1400.0 (F)	2800.0
2. Singareni Collieries	224.0	330.5	3.9	558.4
3. British India Corporation	106.0	—	333.6	439.6
4. Indian Explosives Limited	60.0	—	240.0	300.0

(CONTINUED IN PAGE 238)

5.	Sindri Resettlement Corporation	50.0	—	102.1	152.1
6.	Manganese Ore (India) Limited	36.6	73.3	105.6	215.5
7.	Machinery Manufacturers Corporation	28.4	—	41.5	69.7
8.	Bolani Ores Ltd.	50.5	—	49.5	100.0
	Total	1955.5	403.8	2276 2	4635.3

In the above 8 undertakings, in which Central and state governments have invested Rs. 23 crores 59 lakhs, the private sector, mainly foreign monopolies, have invested Rs. 22 crores 76 lakhs. Thus, in the name of establishing public sector industries, the Government of India is providing large funds to the private sector. Public sector in name, but private sector in fact! That is the policy pursued by the Government.

There are other public sector undertakings in which private capital is allowed to participate in share capital, major among them being Cochin Refineries in which Phillips Petroleum Company Ltd, U S.A, has been allowed to invest 25 per cent of the paid-up capital. The following is a list of undertakings with investments from Central Government and other parties:

Undertakings with Investments from Central Government and Other Parties

(Rupees in Lakhs)

	Central Govt.	State Govt.	Private Indian	Private Foreign	Total
Ashoka Hotel	134.1	—	15.9	—	150.0
Cochin Refineries	366.6	50.0	94.6	185.0	696.2
Fertilisers & Chemicals (Travancore) Ltd.	349.9	285.2	86.3	1.6	696.0
Indian Telephone Industries	358.7	31.8	—	53.0	443 0
Hindustan Organic Chemicals	148.2	—	—	30.0	178.2
Magul Line Ltd.	80.5		1.4	19.3	101.2
National News print & Paper Mills	255.0	169.7	69,8	—	494.5
Praga Tools	83.6	47.6	19.3	—	150.5
Total	1776.6	564.3	287.3	288.9	2909.6

Source: Mahalanobis Committee Report, Page 138.

The private sector has its finger in most government undertakings, either in the form of equity investments or in the form of loan capital,

direct management or partnership on the board of directors. The public sector has thus become a happy hunting ground for profits, a source of increasing disparities in the control of national wealth and distribution of national income.

We have so far seen how private capital, especially foreign private capital has been making use of the public sector towards its own ends. We have also seen how the industrial policy resolution of 1956 has been so diluted as to make the private sector the dominant force even in those industries where the Government had promised to make the public sector the dominant force. We shall now proceed to study a few more industrial sectors before we conclude.

Fertilisers

The fertiliser industry, according Industrial Policy Resolution of 1956, is one of those "to be progressively State-owned and in which the State will generaliy take the initiative" Like many other industries this industry too became, in course of time, almost completely dependent on foreign monopolies. After the agreement with American finance capital for the establishment of a fertiliser factory at Trombay in the public sector with American loans in the later half of the 1950s, the Government of India—as per the promise stealthily made to the foreigners—allowed foreign capital to invade the fertiliser industry in the private sector.

This dependence on foreign monopolies, for finance and tec hnical knowhow for increasing fertiliser production in the country, has put off installation of new capacity to use indigenous raw material which was available in plenty in our country in the form of coal. Coal-based fertiliser projects were an anathema to foreign monopolies who were interested only in naphtha or liquid ammonia as raw materials since these raw materials could be had ouly from petroleum refineries or imported. In either case the fertiliser projects would be dependent on foreign monopolies who could dictate the prices of raw materials and later the prices of fertilisers.

Consequently, quite a number of new fertiliser projects which have been established by foreign monopoly capital in our country—such as the Coramandel Fertilisers at Visakhapatnam, the fertiliser factory at Kanpur, the so-called mixed company at Madras, the Goa Fertilisers—are a few of the most important companies which have dominated the fertiliser industry after 1960. To attract foreign capital investment into this field, the government "had to climb down from its rigid policies on several counts". Thus it announced a series of concessions over the financing, production and distribution of fertilisers to foreign monopolies. "Against bitter opposition it went to the extent of (allowing) majority shareholdings for foreign companies in this field." (Financial Express, May 24, 1969).

As in other industries, foreign private capital was not satisfied with

having control only in the private sector. They were insistent on entering the public sector itself, as in the oil industry. The Government had to give in. Therefore, even in this field, the so-called joint sector companies were established. For example, Madras Fertilisers "will be in the public sector with equity participation by American international Oil Company. The Government of India will hold 51 per cent of the equity and the American firm the remaining 49 per cent. The chairman of the Board of Directors will be a nominee of the Government. The Managing Director will be the nominee of the American Company. He will act on the advice of the Board on which there will be equal representation both for the Government and the American Company. But the most important part of the agreement is that "the arrangements regarding management will last only for 10 years from the date of the commercial operation or until foreign exchange loans have been fully repaid whichever is earlier" (*Hindu Survey of Industries, 1966, Page 75*). The foreign exchange bill will be about $ 35 million.

Thus the management of the public sector companies has been handed over to foreign monopolies, for another 10 years from the date of commercial operation or until foreign exchange loans have been fully repaid. This is only one of the examples of increasing collaboration between the Government of India and foreign companies in the establishment of the fertiliser industry in this country. Another example is Kanpur fertilisers, another *'mixed'* company in which Government of India has invested in the share capital and Rs. 16 crores have been given as loans to this industry from the Indian banks and financial institutions. One can very well see that the feeding of such joint sector company, in which foreign hold is strong, with loans either from the Government of India or from the Indian finance institutions is nothing but supplying them with scarce Indian capital for the exploitation of the country by foreign monopolies.

As early as in 1963 (on December 27), the Eastern Economist in an article *'The Battle for Industrial Production'* had ironically declared that "the public sector in the fertiliser industry seems to have bitten off more than it can chew". On behalf of the foreign monopolies, this Birla dominated economic journal had demanded of the Government that it should revise its "policy of relying almost wholly on the public sector" and pleaded that "proper economic climate which is particularly important as the foreign finance and technical collaboration have to be enlisted" should be created. The Government of India readily gave in to their demands and gave up control over fertiliser prices and trade.

We had previously noted that the foreign concerns were interested mainly to use the raw material of their choice—either naphtha from their refineries or liquid ammonia to be imported—so that they, as producers of naphtha, could dictate prices, or as importers of ammonia, earn profits, not only on the sale of fertilisers but also on the supply of raw materials to the industry.

Thus the fertiliser industry even in the public sector was made

dependent on foreign finance, foreign technology, foreign management and foreign raw materials—in addition to completely controlling prices and marketing. Can any one in these circumstances say that the public sector industries and the credit from the socialist countries "have undermined the former monopoly position of the imperialist powers," as Ulyanovsky has so consistantly argued in his book, "Asia and the Dollar"?

Mineral Revolution and Foreign Rolls

To achieve a *'mineral revolution'* through air-brone mineral surveys under-taken by foreigners on a turnkey basis with loans from foreign finance capital, is the latest fad of the Government of India. This only helps to mortgage every part and every sector of India to foreign monopolies.

Prof. K. V. Subramaniam, a well-known and eminent scientist in this field, a member of the Committee on Science and Technology was aghast at the shameless manner in which "the nation has been reduced to bankruptacy and its economy has been thrown open to foreign enterprise in every conceivable form". He gives a resume of the steps taken by the Government of India in this regard to the detriment of India's interest in an article in Economic Times he says: "There are several remarkable features about these contracts for air-borne mineral surveys. The Government of India approaches the U. S. AID for a loan to meet the foreign exchange cost of the Khetri copper project and receives a loan for Operation Hard Rock which it accepts with alacrity".

"The Government of India then approaches the French Government for a loan for Khetri and receives along with it another loan for another air-borne mineral survey, the knowhow for which is the same as the one for Operation Hard Rock.

When such interesting reasearch is taking place in the name of mineral survey, how can the Soviet Union one of the biggest powers be left out? How can the Soviet Union allow itself to be left out? Therefore, "not to be outdone by the others, U. S. S. R. comes up with its offer of an aeromagnetic survey which is well within our own resources in knowhow equipment and personnel".

Mr. Subramaniam continues that the latter two aerial survey contracts were committed to foreign powers at huge cost to the exchequer, "despite the clear recommendation of the committee headed by late Dr. D. N. Wadia, which included as members leading geophysicists in the country with experience of similar aerial surveys conducted for the Oil and Natural Gas Commission, that no further commitments for aerial surveys should be made with foreign agencies until the Operation Hard Rock had been completed and the results evaluated'

Now Operation Hard Rock was launched in July 1967, two years behind original schedule. That to this date, 1970, "after the passage of nearly

three years ..... we are with no prospects of any mine being developed to the stage of being turned over to the proper agency for operation, should be proof enough of the degree of reliance that could be placed" on such agreements with foreign powers.

Anyone would naturally ask as to where the country is being led in the name of the development of the public sector? Is it not true that the public sector has been made into one of the most lucrative business operations for foreign private capital and for Soviet social imperialism?

Industrial Policy Resolutions, 1956

I haue tried to show above how the industrial policy resolution has been nullified in various sectors in the interests of private capital in general and foreign monopoly capital in particular. Dr. Paresh Chattopadhyay in an article, '*Aspects of the Growth of State Capitalism in India*' has shown that exceptions to schedule A and B have becomean extremely normal practice. "Of the seventeen industries listed in Schedule A of the Resolution industries the future development of which will be exclusive responsibility of the State [and in which] all new units will be set up only by the State seven at least have been opened to private interests. These are (1) arms, (2) heavey plant and mechinery, (3) heavy electrical plant, (4) the processing of lead and zinc, (5) the production of telephone cables and telegraphic equipment, (6) the generation and distribution of electricity, (7) coal. The greatest shift towards the private sector took place in Schedule B, industries which, by the terms of the 1956 Resolution, were to be 'progressively State-owned and in which the State will therefore generally take the initiative' industries listed atleast nine have been heavily by the private sector. (These are (1) aluminium, (2) machine-tools, (3) ferro-alloys and tool-steels, (4) basic chemicals and intermediates, (5) antibiotics and other essential drugs, (6) fertiliser production, 7) synthetic rubber, (8) road transport, (9) sea transport). Quite logically, Nehru told the 1962 session of the Federation of Indian Chambers of Commerce and Industry, 'Private enterprise is a good thing. The suppression of private enterprise was bad?" (Socialist Digest: January, 1969).

In almost all the industries that have been listed above which have been opened to private interests, it is only the private foreign capital that has had the biggest push. Therefore, to say even in 1970 that the State sector is growing stronger add that it is playing an important part in reducing the power of the monopolies and in weakening the position of foreign capital is grossly misleading.

Every Committee that has been set up by the Government of India—such as the Mahalonobis Committee, the Monopolies Enquiry Commission, the Industrial Licensing Policy Inquiry Committee—have come out with innumerable substantiating instances and have categorically stated that "Government policy during the plan period has been responsible....for the growth of the private sector and in the process especially of big

Companies." (Report of the Committee on distribution on in-come and levels of living 1964).D.R. Cadgil(late Vice-President of the Planning Commission) in his "Planning and Economic Policy of India" had stated that "cumulation of gains and the rapid increase of economic resources and power in particular private hands can be described as a deliberate objective of official policy".

This deliberate objective of official policy has been successfully implemented through the State sector.

At this stage, I am not going into the details of the various other ways in which the State has helped the private sector, through the public institutions such as the Finance Corporations that have been established, or certain financial institutions that have been established, or certain financial institutions that have been nationalised like the L.I.C., or through the nationalised banks. I have in a separate chapter discussed the manner in which the State Financial Corporations have helped not only the big houses in India but also the foreign monopoly capital to dominate the industrial scheme.

Defence Production In Public Sector

The country is being informed that our defence production is progressing fast and that, therefore, we are much better prepared even against the combined forces of Pakistan and China. The increased production figures in the ordnance factories and other defence undertakings are paraded to show that India is growing in self-reliance in defence production. The truth will have to be pulled out by the ears from this fraud of official propaganda.

Self-reliance has no meaning so long as production is based on the import of essential components and raw materials and technical knowhow. Malhotra, in Times of India, October 14, 1971, in an article on defence production, 'No End of These Import Is in Sight', reports certain important facts which bring out our entire dependence on foreign powers and foreign finance capital for defence production.

For example for Vijayanta tank, the country has yet to import the gun as well as the infra-red equipment which gives the bank its eyes for movement after dark.

Reliance on imports is even greater for not only MIC-21 but also for HF-24 "even though it has been under production since the mid-fifties", and greater still for the leander frigates.

"*The weakest link in the chain of defence production*" Mr. Malhotra reports, "is, however, the distressing dependence on foreign designs for almost all important weapons and equipment....it will be naive to believe that any foreign country is giving India or will give it in future the very latest of its designs."

Therefore, the question of becoming self-reliant is a far-away dream. On the other hand, our defence equipment is for the most part

obsolescent. So long as the country does not progress to stand on its own feet in designing development, it has to rely on the foreign powers for the second-rate obsolescent defence material.

"The painful story of the search for a suitable engine for HF-24 is well-known". What is not adequately appreciated is that the air-frame itself was not designed by the Indian engineers but was designed by a distinguished German, Dr. Kurttank.

The leander class frigates, under manufacture at Bombay's Mazagon docks, are based on a design bought from the Royal Navy and are being built with British collaboration. How foreign collaboration can hinder progress even for old designs and obsolete makes, can be illustrated by the facts that "it took Mazagon docks two and half years to build the hull of the first frigate INS Nilgiri. But the fitting of the ship is several months behind schedule largely because of the late deliveries by the British collaborator."

The hulls of the second and third frigates, too, are ready. But paradoxically their fittings are delayed even more, since the Heavy Electricals at Bhopal, another collaboration industry in the public sector, failed to deliver the turbines and allied equipment in May 1970, probably because the collaborator had failed to supply the needed components and other raw materials. "There is no knowing when it will arrive." (Times of India, October 14, 1971).

Our progress towards self-reliance with regard to the frigate does not end here. In our eagerness to improve the efficiency of the frigate, the navy has asked for the replacement of the British fire control system by a Dutch one. The Dutch designer had to be called. The navy now wants to replace the British (Vickers) gun by the Italian Bofar. This will mean calling an Italian designer.

As we are progressing towards greater collaboration with every available foreign technology and thus becoming more and more dependent on them, it is as clear as daylight that "China's record has been even more impressive (than that of Israel) although the Russian design, which it has vastly improved, was abruptly withdrawn along with Soviet experts in 1959." (Times of India, October 14, 1971).

Dependence of Bharat Electronics on foreign knowhow is an excellent example of our continuing dependence on foreign collaboration and the ever-continuing hegemony of the foreign collaborator over our industry. Bharat Electronics is one of our oldest public sector undertakings which is producing quite a number of many types of sophisticated radar sets for defence, walkie-talkies for the police, fish-finders and type-recorders, apart from a wide range of components for the entertainment industry. Times of India in an editorial on December 18, 1971, comments on the growing dependence of this country not only on foreign knowhow but also its growing dependence on imports. *"But most of its output is still based on foreign knowhow though it has been in business for nearly*

two decades. It has not only signed 40 long-term agreements with as many as 19 foreign collaborators but also extended many of them when they expired. What is worse, the import content of the equipment manufactured by it, instead of declining has increased from 30 per cent in 1966-67 to more than 35 per cent. The cost of many items produced by Bharat Electronics, compared to their landed cost of the imported counterparts, is high and a large part of the undertaking's capacity is underutilised". In all probability, the cost of the items produced by the B.E.L. is high because the components imported by the collaborators for this industry is priced higher than the average price in the international market, which is generally the pratice of all collaborators in our country who import raw materials and components for the established industries at extremely heavy prices.

Indian Oxygen, which is in the private sector, is a subsidiary of British Oxygen of U K. which is said to be under the control of Morgans of U.S.A. Indian Oxygen is headed by an Englishman in India. It produces extremely important strategic defence materials such as high flying gases used by our air-crafts, medical gases, explosives, special electrodes, etc.

The entire air defence of our country is very much dependent on the supplies from this industry. The high-flying gases and medical gases used by Gnats, Jets, and MIGS, are supplied from various factories of this company which are located in Calcutta, Asansol, Gauhati, Delhi, Kanpur, Bombay and Madras. The explosive known as loxite is produced at Ranchi and argon gas at Asansol. The equipment and spares and special electrodes required for defence are supplied from Calcutta. Ports in India depend on the supply of marine gas from this company. Light houses will cease to operate if supplies are not made to them in time.

The work of the naval dock-yards and ordinance factories, railway workshops, aerodromes, etc., will be affected if their supplies of gas are sabotaged by Indian Oxygen.

Thus one of the vital production schedules for our defence is left entirely in the heads of an international moropoly house which is not only connected with United Kingdom but is ultimately controlled by one of the most famous financial tycoons, the Morgans of America; and yet, to deceive the people; the Government of Late has begun to talk in terms of self-sufficiency in defence production and self-reliance of our defence industries.

When I see, hear, and experience such slavish betrayal of the nation's interest by so-called patriots, think lightly of what is called 'treason against the Government'.

Let us now conclude.

(1) The main purpose of the public sector investment is to encourage and help the growth of the private sector. For example, production of steel in the public sector has helped the upsurge in the engineering

industry, dominated by foreign private capital; machine tool production has helped the private sector to grow.

(2) The public sector has helped to mobilise scarce financial resources to be used by foreign monopolies for their growth through what are known as joint sector ventures such as the oil refineries in Cochin, Madras and Haldia, and in the fertiliser industry as in the units at Madras and Kanpur.

(3) Production in the State sector, siphoned off into private channels for marketing has helped private capital to reap super-profits such as in drugs manufactured in Indian Drugs & Pharmaceuticals Ltd.,

(4) The main purpose of government policies in the field of banking has been to promote private enterprise through the nationalised banks. The system of financial institutions (I.D B.I., ICICI; UTI and so on), instituted after 1948, is mainly to provide capital for investment in the private sector.

(5) As Gunnar Myrdal says in his "Asian Drama", "In weighing the reasons for and against public participation in the industrialisation of India, it should be stressed that the interest of private business does not normally conflict with expansion of the public sector in big industry. Government investment is meant to be concentrated in heavy industries where little private initiative is forthcoming. To the extent that these investments create external economies or provide goods, which would otherwise be scarce owing to the strained foreign exchange situation, there should be on the contrary a harmony of interests. Much construction will also be done by private contractors and the purchase of various supplies will increase demand in private industry. More important, investment and pricing policies pursued by public enterprises are usually such that, by holding down prices, they swell the profits of the private sector. Thus, when put into practice, the vaguely socialist notice that public enterprises must render services at low prices in fact boosts, considerably, the returns on private capital. Instead of being used to supplement government revenue and help to mop up purchasing power, the public sector functions to inflate private profit." (Page 819).

(6) The management of public sector units, as of the Madras and Cochin oil refineries or Madras Fertilisers, has been handed over to private management—a demand the World Bank has been making on India consistently for a number of years. Thus the public sector, which ought to have played the role of curbing the profit greed of Indian and foreign financial sharks, is to the contrary becoming a happy hunting ground for super profits for the foreign monopolies which have been entered the management of public sector concerns. They have got control over quite a few industrial and financial corporations—through equity participation and loan capital. Penetration of huge foreign monopoly capital is growing uninterruptedly, not only in the private sector but also in the public

sector. Thus the public sector in India has practically no anti-imperialist, or anti-monopoly progressive character. It has become a weapon in the hands of foreign monopoly and Indian big business—a combination of foreign monopoly capital and bureaucratic capital in the main.

In India, the State power is ultimately in the hands of compradore bourgeoisis in alliance with the landlords. This class, by its very nature, cannot follow independent capitalist development. This class cannot afford to alienate itself from the landed vested interests and foreign finance.

In such circumstances, the public sector, instead of being helpful for the growth of independent industrial development, has become mainly an instrument in the hands of domestic and foreign monopoly capital.

Indian Bourgeoisie's Expansionist Tendencies

Just as India took over from British imperialism all its policies in relation to the neibouring small countries—including the borders which British imperialism had imposed in its heyday of supremacy over the world so also the Indian ruling class took over from the British imperialists, the concept of India as *'the centre of Asia'*. India has bean the only country in Asia that has had a protectorate in Sikkim. The Nepalese have been openly expressing that India does not feel happy at the growing independent behaviour of Nepal and that the Indian ruling circles have used, and are using, every means to interfere in its internal and external affairs.

India, today, is trying to step into the vacuum, created by the withdrawal of direct colonial rule from various Afro–Asian countries, with its own economic expansionism.

Nehru in his "Discovery of India" had said long ago that "though not directly a pacific State, India will inevitably exercise an important influence there. India will also develop there as the centre of economic and political activity in the Indian Ocean area, in South-Eastern Asia and right upto the Middle Cast. Her position gives an economic and strategic importance in a part of the world which is going to develop rapidly." Nehru, as a representative of the Indian bourgeoisie but intelligent enough not to be so crude, had expressed the sentiments of the Indian bourgeoisie in the most cultured and diplomatic phraseology that India as an important big State will have the capacity and the right to intrude into other States—economically and politically.

Therefore, the Indian bourgeoisie had for long been focussing their covetous eyes on the underdeveloped Afro-Asian countries.

Taking advantage of the "understandable reluctance on the part of the new rulers of some of these (developing) countries to continue their association with organisations or agencies directly or indirectly connected with their erstwhile masters", "Indian entrepreneurs were only too glad to move in, particularly when the concerned governments welcomed them." (Nabagopal Das in Statesman, December 7, 1971).

Thus the Indian bourgeoisie, taking advantage of the vacuum created in the post Second World War period by the changed co-relation of forces, were only too glad to move in—in other words, to step into their shoes.

Thus the recent phenomenon of joint industrial ventures abroad, especially in the Afro-Asian countries in which the Indian entrepreneurs

are increasingly taking part, is nothing other than the Indians stepping into the shoes of the evacuating colonial powers. In a recent study, the Federation of Indian Chambers of Commerce and Industry has listed 125 industrial projects located in other countries in which the Indian bourgeoisie are collaborating, or proposing to collaborate, with the entrepreneurs or the governments of those countries.

Of the 125 projects sanctioned, 28 have already gone into production and as many as 60 are in various stages of implementation. Countries in which the Indian industrial collaborations have been initiated are many and widespread. In the continent of Africa, they include Ethiopia, Ghana, Kenya, Libya, Mauritius, Nigeria, Togo, Uganda, and Zambia. Asian countries which have Indian collaboration are Afghanistan, Ceylon, Indonesia, Malaysia, Philippines, Singapur, and Thailand. In Latin America, there is only one joint venture project which is in Columbia.

The fields in which such joint ventures have been undertaken in these countries by the Indian manufacturers include oil engines, hard-board, asbestos, cement, nylon bristles, textiles, and light engineering goods (Economic Times, December 28, 1971).

According to Nabagopal Das "the joint industrial ventures abroad in which Indian entrepreneurs are collaborating cover a wide field. They range from the manufacture of textiles (cotton, jute, synthetic fibres and wool), hard-board, aluminium, sheet-rolling, chemical and pharmaceutical products, pipes, cycles tyres and tubes, and air-conditioners to the making of tractors, trucks, scooters, automobile components, diesel engines and other engineering products". Projects under active consideration include a cement manufacturing plant and a steel mill.

The list of industries, in which the entrepreneurs are collaborating, is extremely instructive. They range from cotton and jute to tractors, trucks, scooters and chemicals and pharmaceuticals. We have seen previously how we are going into repetitive collaboration with foreign finance, even though such industries are already in existence in India, since the already acquired technology is not transferable even within our own country due to the existing patent rights or due to the restrictive clauses in the agreements with foreign collaborators. This only goes to show that Indian entrepreneurs are playing the role of a smoke-screen for foreign finance capital which use India as a jumping-off ground for penetration into those countries in Afro-Asia which have recently won their freedom. The entrepreneurs from India will be playing in these joint ventures a role subsidary to foreign finance capital to share in the exploitation of these underdeveloped Afro-Asian countries.

Just as foreign private capital is looting our country through its investments by way of dividends, royalties, and various other ways, so also the Indian bourgeoisie is expecting to reap the benefit of its investments in the Afro-Asian countries not only by way of dividends etc., but by also

creating a market for themselves in those countries. As the article in the Statesman clearly points out, "*the advantage to India of such joint industrial ventures are too patent to require emphasis. They provide a market for India's capital goods, machinery, spare parts, and other related items, needed for a project. They ensure a recurring export of raw materials and semi-processed goods. They help to create new export markets not merely for the relevant items of manufacture but for many allied products*".

Already some of the 28 projects which have gone into production have remitted to India foreign exchange equivalent of Rs. 1 crore by way of dividends, royalties, and marginal fees.

Exciting Drama of Dangerous Consequences

On December 22, 1971, there appeared a news item of dangerous consequences.

Economic Times of Bombay published the following report: "*Close on the heels of liberation, Indian industrialists are already looking for areas of joint venture with their counterparts in Bangla Desh.... An influential team of Indian industrialists, led by Mr. Naval H. Tata, is understood to have already visited Bangla Desh for an on-the-spot assessment of the possibilities of industrialisation of the new nation. It was stated to be a seven-man representative team, comprising textile machinery, automobile, chemicals, consumers goods and construction industries interests*".

The democrats in the world, who have been following the exciting drama being enacted in East Bengal with the invasion by the Indian armed forces and with the blessings of the Soviet imperialists, are following the events with suspicion. The very first news of extremely dangerous consequences which appeared in the Indian Press as the Indian armed forces forced their way into East Bengal, clearly portrayed the evil designs of the Indian monopolies. It has surprised many that a seven-man top-level delegation, headed by Tata, the king of the Indian big business, should have gone to East Bengal on the heels of the Indian army itself even before the government-in-exile could reach Dacca. And the '*socialist*' Indian government gave them all the facilities to investigate the possibilities of investment in the liberated East Bengal, even before a full-fledged government could be announced. The army, the I.A.S. administrative personnel, and the Indian industrialists: the picture is complete. To whom does East Bengal belong ? To the people of East Bengal, or to the Tatas and the Indian monopolies ?

This news item is no surprise to those of us who have been closely following the activities of the Indian monopolies in their schemes of economic expansions for the past few years.

On September 20, 1970, Economic Times published a news item that "a representative team of Indian hand tool manufacturers, sponsored jointly by U.S. Aid, the Indian Institute of Foreign Trade, the U.N. Development Programme, and the International Trade Centre, left on a world tour in search of markets and also to explore possibilities of joint collaboration with foreign companies".

But the most important item of the news is that "*There is a possibility that the German firm Gedore Tools, might in collaboration with their Indian partnerships set up a joint venture for tools and hand tools in third countries*".

What an ominous news this is! India which has already become a base for the exploitation of foreign capital is being used as a sea-board to direct foreign capital's flow into other dependent countries. Foreign capital, which has established itself in India in collaboration with the subservient Indian bourgeoisie, has now ventured to establish collaboration industries in Afro-Asian countries, using Indian Bourgeoisie as a screen. This news item, which speaks of a possibility of the German firm investing in third countries "in collaboration with their Indian partners" will have dangerous consequences for the Indian nation. On the heels of this news item, there appeared another news portraying the depth of this problem. The then union minister for steel and engineering, Mr. B. R. Bhagat, is reported by Economic Times, September 26, 1970, to have said that with the finacial help of the developed countiers more opportunities existed for developing countries to sell to each other with the use of the credits presided by international aid. He further envisages that "India, because of its population, could be an important supplier of labour and maintenance force. For construction of airports, maintenance engineering, and other jobs, equipment might by supplied by the developed countries but the supporting manpower resources are not. India might provide a package of labour and equipment as against only equipment".

What does this actually mean? It means that India will supply cheap labour for foreign capital which will take the route not directly from their own countries but via India to the Afro-Asian countries. "With the use of credits presided by international aid", the minister gleefully announces that "India will provide a package of labour and equipment as against only equipment", for the construction of airports and maintenance engineering and other jobs. What a pernicious plan this is!

But then India has no technical knowhow and design drawings even if it wants to provide equipment for joint industries in Afro-Asian countries. How is this gap to be filled? The problem is very simple to solve. Already there are quite a number of foreign firms functioning in India as 'Indian' companies. The compradore bourgeoisie of India have successfully lent their name for some sort of benami holding. Therefore, there can be no trouble. Economic Times, in an editorial on September 26, 1962, writes that, "while feasibility studies, project reports, and even supervision of erection

of plant, has been undertaken successfully by Indian consultants their weakness continues to be manifest in the process knowhow and designs drawings for the new types of industrial plants. Lately, there has been a tendency for foreign consultants to open Indian sub-sidiaries under some sort of benami share holding held by Indian nationals. In actual fact, such units should also be treated as foreign consultants".

Is not the whole ugly face clear? Foreign finance presided by International aid will provide funds. Foreign consultants will open Indian subsidiaries with the help of their subservient Indian nationals holding a benami share. They will provide the process knowhow and design drawing. The collaborationist industries in India with foreign domination will provide equipment for which the foreign collaborator, in turn, will provide all the necessary rawmaterials and products. This will be exported from India as a joint venture to third countries as an India-made venture.

Certainly, the Indian compradore bourgeoisie will play the role of a puppet actor with strings held by foreign finace and foreign industrialists.

The following news item, again from Economic Times September 23, 1970, will open the eyes of any decent Indian to the serious consequences of this dangerous game. Here is the story of an Indian consultancy firm playing the role of a screen for various foreign firms which are trying to establish themselves in third countries.

"Export of knowhow, which in turn would pave the way for large-scale exports of industrial machinery, has begun to pick-up in the wake of some incentives given by New Delhi.

(a) A team of engineers from Dastur and Company, Calcutta, was able to leave for Damascus *on Monday to commence work on* Syria's first integrated steel plant. *The Syrian government recently engaged* Dastur Engineering International. GMBH, Dusseldorf *(Dastur&Co.'s subsidiary for overseas operations) to prepare, in the first instance a feasibility report on their new Rs. 75 crore steel plant.*

(b) Dastur and company is presently engaged on the planning of an alloy steel plant and ferro alloys plant in Iran. *Another team of engineers left for further discussions with Iranian authorities.*

(c) Jointly handled by Dastur International and Dastur& Company, are a rolling Mills project at Bangkok, *Thailand. This is Thai-India steel Company, a joint venture between Thai and Indian enterepreneurs.*

(d) Dasturs are also working on a steel plant in Greece, in collaboration with the German firm *of Baumca Apparatebau of Essen.*

(e) For a textile mill in Burma, *they are preparing designs and drawings* jointly with Babcock and Wilcox *of AG of Oberhausen.*

(f) A team of Indian engineers from Dastur International is also currrently working on civil and structural designs for the expansion of a coke-oven by-products plant at Somisa, Argentina, for Dr. Otto and Company *who have been awarded contract.*

(g) Dastur and Company is also consultants, on the expansion of the steel plant product for the Ceylon Steel Corporation.

Technical Consultants believe that India, in her endeavours to substantially step up her export performance would take full advantage of these possibilities of export of Indian expertise, which would in turn build a large potential for the export of Indian industrial plant and equipment.

Such is the ugly face of this joint venture campaign initiated by the Government of India and enthusiastically being picked up by the international firms who have established collaboration. Companies in India in the name of the Indian companies. It is no wonder that quite a number of big shots of international finance are ready to establish joint-venture firms in third countries from India. A news item appearing recently reports that "the Mitsubishi team which visited India in April 1971 has suggested that not only should there be collaboration with the Indian entrepreneurs in establishing industries in India but the collaboration should continue in West Asia and Africa in infrastructure projects, plant erection, and laying of pipelines".

A news item appearing recently in Times of India further reports from Frankfurt on October 14, 1971, that the Indian delegation to West Germany has "expressed satisfaction at the fruitful exchanges" with their counterparts in West Germany, "especially on proposals for joint collaboration in third countries".

Hindu of February 15, 1970, announces that Sir Norman Kipping, adviser to the confederation of British industry, told pressmen that "as for joint ventures in third countries" he was satisfied about the project being established in Ceylon by Ashok Leyland.

The Indian compradore bourgeoisie are becoming expansionist, growing into the role of big brother of the Afro-Asian countries.

The Indian Institute of Foreign Trade announced that there is unlimited scope for launching, promoting, and expanding Indian joint ventures abroad. "India may soon be in the vanguard of the nations assisting the industrial development of other developing nations through a widespread international network of joint industrial ventures." The study further notes that public sector enterprises also have come forward to set

up ventures abroad—such as Fertiliser Corporation, State Trading Corporation, Hindustan Machine Tools, and Hindustan Teleprinters, in Iran, Burma, Philippines, and Malaysia, respectively.

Thus both the private sector and the public sector are searching for fresh pastures. They see great advantage for India—meaning for Indian big business. They see immense advantages in promoting such joint ventures in various other countries. The Indian Institute of Foreign Trade, in its study, has enumerated the following advantages to the Indian big bourgeoisie in setting up industries abroad.

(1) The setting up such a venture presupposes, supply of capital goods, machinery, spares, building meterials, technical knowhow etc., constituting immediate export opportunity.

(2) It improves prospects of exports of components, spares, and raw materials, for a long time to come.

(3) It provides opportunities for gathering first-hand market information from foreign countries, and broadens the area of business contacts.

(4) Joint ventures abroad contribute to the utilisation of idle capacity in the capital goods industries in India.

When opportunities are so good and favorable for the exploitation of backward African and Asian countries for maximum profits, how can the government sit quiet without doing its bit of service?

The Union minister of industrial development, Mr. Dinesh Singh, announced at the meeting of The Central Advisory Council of Industries on November 3, 1970, the proposal "to set up a special cell in the ministry to look after joint ventures abroad, to organise the collection and dissemination of information and identification of attractive projects, and would extend all help to potential enterpreneurs". These ventures, he said, should no more be looked upon as a means of export promotion, but as an instrument for stimulating industrial development at home.

In performing this duty of stimulating industrial development at home, various Indian industrialists have established or are establishing with patriotic fervour and in fulfilment of their national duty a series of industries in the various countries.

A deligation of the Indian Engineering Association, returning from the Philippines, estimated that the rate of return on capital employed is over 20 per cent and in some cases even 30 per cent. Kirloskers had already entered into an agreement for establishing manufacturing facility for diesel engines.

Thus India is on the march. Indian glory will now spread to all continents in the industrial field. How, will be seen in the few examples I am giving below.

(1) Economic Times of August 7, 1970, reports that Mr. Birla during his visit to America is expected to hold further discussions with Kaisers over the aluminium project to be established in Yugoslavia.

(2) Oberois have also planned to go abroad. It was reported in the Press that India has just made a beginning in a new line of export—hotel management and knowhow. The pioneers are the Oberois group of hotels. They took over Soaltee hotel in Khatmandu in 1969. In January 1971, they will take over the management of the 600-room Imperial Hotel at Singapore which is financed by the nationalised Indian Bank. They will run yet another foreign hotel under construction in Colombo. It would be well to remember that Oberois are running nine hotels in India, and in the hotel business are in collaboration with Sheraton of America.

What wonder that our greedy mouths are watering for the *'sweet'* super-profits even as the subservient subsidiaries of foreign company.

When such is the glorious march of India to the pinnacles of profit through the exploitation of backward Afro-Asians, how can the Soviet Union be left behind on the sidelines? Is it not the duty of Soviet social imperialism to participate in this great adventure for super-profits, making India the base for expansion as other imperialist finance capital is doing? Soviet social imperialism has learnt that aid is a means of expanding trade and appropriating heavy profits. It is on its way to establishing its hegemony in South Asia. India is a good jumping-off ground. Therefore, in line with western imperialism, Soviet social imperialism in its latest trade agreements with India has provided *'clauses for joint ventures in third countries'* (Economic Times, December 29, 1970). Thereby the Soviet Union has openly declared its role as imperialist big business, proclaiming its readiness to use India as a base for capturing economic heights in Afro-Asia and further fulfilling its role as a catalyst to still larger quantities of Western credits presided over by international aid.

One can now understand the significance of the march of the Indian army into East Bengal with the blessings of, and under the powerful support of, revisionist Russia. One can also very clearly understand the importance of the visit of the Indian industrialists under the leadership of the Tatas very close on the heels of the Indian army.

CHARACTER OF SOVIET AID AND ITS IMPLICATIONS

There is a lot of praise of Soviet aid to India, even though the aid from the Soviet Union and other East European countries, known as '*Soviet bloc*', is not quantitatively much in comparison to the Western

It has been noted previously that the amount of authorised aid from the USSR is not more than 8.3 per cent of the total external assistance received by India till 1968-69. Out of a total authorisations of Rs. 8,900 crores, total authorisations from the Socialist bloc countries as a whole was Rs. 960 crores — a little more than 10 per cent of authorisation. Yet, there is a lot of propaganda that Soviet aid has sustained India's independent economic growth. Is it true?

That Soviet aid has helped the public sector, that Soviet aid has mainly been directed to what are known as '*core*' sectors of the Plan, especially to increase production of steel, coal, heavy engineering, crude oil and oil refining, heavy electricals, and manufacture of drugs and medical instruments, is all true. That it has helped to increase the number of industries in the public sector cannot be denied.

But has this Soviet aid, as claimed by them, brought about a "measure of independence from Western resources, and foreign monopoly capital as well as pressures from Indian vested interest?" Has it helped to "break considerably the hold of foreign capital over the key supplies of oil, steel, machine building, drugs, chemicals, and so on". A certain section of political and economic opinion in the country vehemently supports such a view.

Soviet leaders and their publicists have been consistently proclaiming the benefits of Soviet aid to India in comparison with Western aid in terms of softness of loan with lower interest and to be repaid in rupees to be used for the export of goods in repayment of loans and they went on asserting that the Soviet aid has an anti-imperialist and anti-feudal character, that it has helped India to make progress towards an independent economic development and industrialisation.

But the facts prove otherwise. Even if Western finance capital, mainly American, was frightened in the early years of Soviet aid to India that it might be an unsettling factor in India's close ties with them, after a short period of close study of revisionist Soviet aims in funnelling aid to India, Western finance capital including American capital was reassured.

found that Soviet Union was only one of the competitors from the West trying to penetrate the Indian market through aid not to unsettle either foreign monopoly capital or the established landlord compradore bourgeoisie economy of the country.

Support for Status Quo

From the very start of the serious economic and trade relations in 1953-54, the Soviet leadership took enough pains to indicate its anxiety to the Indian rulers that it supported the social and political status quo in India. As Kidron reports, "it was at this time that Russia, underlined, symbolically, its acceptance of the social status quo in India by selling equipment on deferred payment terms to a privately owned firm, Birla's Hindustan Gas Co. Ltd." From then on, Soviet aid is being offered off and on to the private sector. Technical aid was granted to Hindustan Files, Calcutta, according to the report of the Tariff Commission, Capital of Calcutta refers to a private textile machinery plant from Russia. In March 1956, Russia offered technical assistance to the overwhelmingly privately-owned coal-mining industry. In the coures of 1956, Czechoslovakia supplied loans for three sugar refineries and steam power plants in the private sector and a cement plant in Assam.

By the end of 1964, other East European countries had entered into 70 collaboration agreements with privately-owned firms : East Germany 38, Czechoslovakia and Poland 14 each, Hungary 9, and Yugoslavia 5. Thus, to emphasize their acceptance of the status quo, and to prove the unconditional nature of their aid, they not only gave aid to the public sector but to an extent went out of this way to prove their bonafides to the Indian bourgeoisie by aiding privately-owned firms.

Several Indian papers noted these facts with satisfaction—especially the manner in which the Soviet leaders and the Soviet Press greeted India's Prime Minister Nehru "*as an outstanding statesman*" and praising the Indian State, "as a peace-loving State upholding its national independence"—at a moment when the historic mid-term election campaign in Andhra was at its climax with the Communist party fighting its bitterest election against the Congress.

Thus support for the ruling party and acceptance of the social, economic and political status quo "was made abundantly clear, clearer than the Indian Government could have hoped for in their wildest dreams." (Kidron : "Foreign Investments in India" Page 116).

Having proved to the Indian bourgeoisie and the ruling Congress their friendliness towards them, the Soviet leaders and their publicists took great pains assuage the fears of Western finance capital.

The Soviet leaders' and publicists' statements gave Western finance capitalists a subtle guarantee that the Soviet aid is not in any circumstances in contradiction to Western aid. In an interview to the editor of Blitz, a

popular weekly from Bombay, Krushchev, then Soviet Premier, made a *'realistic'* appraisal of the functions of Soviet aid. He proclaimed that "I will venture to say that, if the Americans give India a loan for economic development, this loan to the extent of 60 to 70 per cent may be considered as result of the existence of Socialist countries". This statement not only expresses satisfaction at the successful begging spree of the Indian ruling class but also gives an un-asked-for certificate to the US assistance by characterising it as loans for *'economic development'*. As P.J Eldrige in his "Politics of Foreign Aid in India" remarks, it does also imply Soviet "*approval of India's enjoyment of economic fruits*" of non-alignment (Page 58).

In a book published in Moscow, R.A. Ulyanovsky, the eminant Soviet Indologist, expressed satisfaction at "the increased activity of the Bank (meaning the World Bank) in 1956 1966". He was happy that, due to "the general political line of international financial organisations, they stepped up their interest in the developing countries, particularly India, which registered the first successes in industrialisation". Just as Krushchev had said that Soviet aid to India was responsible for increasing American aid for India's economic development, so Ulvanovsky claims that "Growing Soviet assistance in India's industrialisation along state lines played a key role in shaping the loan policy of the Bank". ("The Dollar and Asia" Page 217).

It was the practical, pragmatic, political behaviour of the Soviet revisionists that was enthusiastically greeted by the monopolists in India. Capital, the economic journal of British business in India, as early as in 1958 wrote with utmost satisfaction, that "under the stimulus of American fear of Russian enterprise in Africa and Asia, they [the Americans] are determined to face up to some of the real problems of lending cheaply and efficiently to backward and temporarily insolvent countries such as India. we should make a sign of gratitude to the Soviet Union whose activities have brought this day nearer". (Capital, August 25, 1958). The Delhi daily of the Birla House, Hindustan Times, and Link, a weekly from Delhi, praised Soviet credits for having played the important role of compelling America to increase its aid to India.

Thus the Soviet revisionists, due to their explicit behaviour of support of the status quo in India, and by their open declarations of support to greater Western aid, have played the role of a catalyst for massive penetration of India by foreign finance capital.

Thus Soviet aid policy and Western finance capital's programme for India's economic development became complementary to each other to such an extent that "with regard to general economic aid (from the Soviet Union), the official view (of the American-administration) had changed to a neutral and in many respects friendly position"....."Averill Harriman went so far as to emphasise the need for India to maintain good relations with the Soviet Union, claiming this was equally important to America's interest". (Politics of Foreign Aid in India, Pages 33, 34).

How, and why, did this mutually complementary situation arise? American and Western finance capital is more and more satisfied with India's implementation of economic policies which had allowed, and has been allowing, foreign finance to enter and dominate every aspect of the Indian economy. Even public sector projects, such as the Cochin and Madras refineries in the most strategic oil sector, are foreign private capital dominated. Even in official and semi-official industrial financial institutions such as I.F.C., and I.C.I.C.I. foreign capital has a dominant voice. The fertiliser industry is dominated by them. If Soviet capital has entered the public sector in any field of economic activities, the simultaneous growth of foreign finance capital, both in the public and private sectors in the same industry, has been faster—as in pharmaceuticals, oil exploration and refining, steel, heavy electricals, and so on. Thus foreign finance capital is no more afraid of Soviet aid. The U.S. takes it for granted that the soviet aid has no greater competetive value than the competitive value of British, West German, and Japanese capital. The U.S. Department of Commerce points out that competitors from the U.K., West Germany, Japan, and the Soviet Union, make it necessary for Americans to be on their toes; it advises private investors to turn to mixed investments with Indian firms in manufacturing industry as a way to gain a foot-hold or maintain their positions in India.

Thus American finance capital had come to a clear understanding that there was basically no fundamental difference between Soviet aid and American aid in the penetration of the Indian market—even though there were various differences in the methods of penetration.

We have noted, in the previous pages, how private foreign capital has come to dominate every field of Indian industrial production. Complementing each other the Soviet revisionists and Western financial monopolies dominate the core sectors of Indian industry. If there are three oil refineries built by the Soviet Union and its bloc, there are at least a minimum of eight public sector companies in the petroleum industry in which foreign private capital dominates:

(1) Madras Refinery.
(2) Cochin Refinery.
(3) Haldia Refinery.
(4) Oil India Ltd.
(5) Indian Oil Bleading Co.
(6) Lube India Ltd.
(7) Lubrizol Ltd.
(8) Hydro Carbons India Ltd.

Even in the case of oil exploration, it is Western technical knowhow and Western capital which dominates the field now, after the early Soviet start.

Is it not the same in the chemicals field? Any other self-respecting State, other than the Soviet revisionists, would have vehemently protested against the insulting manner in which a deal was made behing the back of the Soviet Union by the Government of India and American finance capital. But American capital also knew that, in the long run, in its eagerness to maintain friendly relations with India, the Soviet Union would

be prepared to take a few snubs from western imperialism. This was proved to them in the way Soviet government agreed to western imperialist terms dictated through the Indian government in regard to collaboration in the establishment of the drugs project. Here is a long story as reported in Frontier, an esteemed weekly from Calcutta.

> *Russian collaboration in drugs manufacture in India is a nauseating story of submission to imperialist tactics, collaboration with them, and finally establishment of an industry which has thoroughly failed to meet the Indian requirements.*
>
> *Some time in 1956-57, Russians offered to help build an integrated pharmaceutical industry including manufacture of necessary organic chemicals. The Government of India, dilly-dallying in the negotiations, secretly arrived at an agreement with foreign monopolists for production of certain basic antibiotics and fundamental organic chemicals, and faced the Soviet government with a truncated plan All the same, the Soviet government bowed its head and submitted even without a murmur and protest and acceded to help the truncated plan, almost agreeing to collaborate with the American plan to give away the most important sector of pharmaceutical industry to foreign private capital"* (Frontier, January 9, 1971).

[*Therefore,*] "*there was a steady diminution of hostility towards Soviet aid and involvement in India. Above all, India was recognised as a key Asian country, in whose stability and growth the West had a prime interest, transcending difference of policy and outlook.*" (Politics of Foreign Aid", page 32).

This steady diminution of hostility has further progressed towards acceptability. American imperialism known that the public sector in India, even though it has progressed in the past 10 years in various fields of production, is still extremely small representing less than 10 per cent of the total output. It also knows that, under capitalism, where private enterprise—especially foreign private capital—predominates, the investment by the State only helps faster growth of the private sector and that private capital including foreign private capital can even penetrate into the public sector. It is for this reason that, when the U.S.A. refused to aid the fourth public sector steel plant, knowing that its rejection to aid would not hinder its construction with the readiness of the Soviet Union to take up the job, the agreement between the Government of India and the Soviet Union on Bokarao Steel Plant was not regarded as a threat to the American interests. It is clear that this period of the Second and Third Five Year Plans witnessed some remarkable development in the basic policy assumptions of the two countries—especially in the context of India—China war, and of growoing Sino-Soviet differences. "India's close relationship with Russia has become more acceptable."

"At the same time, the role of the public sector in a developing economy such as India's has been gradually recognised" by U.S. imperialism

recognising that "the total effect of Soviet economic and diplomatic policies towards India has been to strengthen the Congress government". With the emergence of the strategy of peaceful co-existence as the only and all-important fundamental policy of Soviet relations with the outside world, good relations with the Congress government became all-important, providing perhaps the clearest focal point in cold war detente between America and Russia. This continued improvement of American-Soviet relations has allowed India to maintain at least the outward form of non-alignment. American-Soviet collaboration has reached such close understanding, that when India negotiated a substantial arms deal with the Soviet Union, causing some controversy with the United States, particularly with Jet air-craft, "there was considerably less objection on the American side than might have been expected" (Politics of Foreign Aid, Page 133).

As Kidron in his "Foreign Investments in India" puts it, by August 1963, the line of supply of arms from the Soviet Union was sufficiently secure for India to appeal for arms aid as distract from sale. "Thus, political circumstances had changed radically since the mid-fifties. Arms from Russia were now to augment, not supplant, those from the west. But neutral to the Russian foreign policy then, as now, stands political and material support for the Indian regime as at present constituted." (Page 119).

P.J. Eldrige is entirely correct in characterising Soviet aid as a stabilising factor in the Indian sub-continent. "The Soviet Union is now more involved in the balance of power question on the subcontinent. While she may continue to offer India an alternative focus to the West in terms of economic method, ideology and diplomacy, it becomes increasingly plain that she shares a common interest with America in the preservation of an overall framework of regional stability." (Page 60).

The Soviet revisionist leaders and their publicists, in their efforts to hoodwink the people, are capable of giving a progressive facade both to their relations with India and to the Indian ruling circles' growing infatuation with the foreign monopolies by minimising the phenomenal growth of foreign capital in both private and public sectors. Thus Ulyanovsky in his book, "The Dollar and Asia", highlights the progressive economic policies of the Government of India. In his effort to salvage the tottering image of Soviet revisionist policies, he seeks to hide the growing collaboration of the public sector with foreign private capital, by characterizing this as minor factors in the totality of growth of the Indian economy during the Plan period.

Noting that the Government of India in its practical activity "tends towards concessions to private foreign capital" and deviates from "the principles proclaimed in the 1956 official Industrial Policy declaration" with the result that "the sphere of new industries in which the influx of foreign capital is officially welcomed has been widened considerably", the noted Soviet Indologist nevertheless confidently declares that "it would be wrong to assume that concessions to the private sector and to the foreign

capital are the main line in the policy of the ruling classes. The national and foreign monopolies did not succeed in preventing new State investments in big projects under the Third Plan and in increasing investments in the private sector. Nor could they obtain government consent to turn over the building of the fourth steel works at Bokaro to private capital. Foreign oil companies which sought the Government's permission for greatly expanding the output of oil products gained only in part. The further developments of these key industries will proceed in the State and not in the private sector."

There could not be anything more misleading and mischievous than this review of Government of India's economic policies I have recounted how foreign private capital has been conducting itself as a super-government, not only in the private sector but also in the public sector. I need not again reiterate here the massive invasion of foreign private capital into the fertiliser industry, both, in the private and public sectors—of late renamed *'joint sector'*. There is no need for me to recount the humiliating manner in which the Soviet offer to help in the basic chemicals field was thrown into the dustbin in the interests of foreign private capital. As Kidron remarks, wherever an alternative existed or was created, the Government was quick to choose a Western-sponsored project (raw film project), even at the prices of quality or even on extremely onerous terms as in the case of oil (Madras, Cochin and Haldia refineries), or pharmaceuticals (Hindustan Anti-biotics agreement with Merck & Co.).

Every time the West intervened powerfully—as in the case of oil, the pressure from the World Bank in 1960 leading to the establishment of oil India Ltd., and later other oil joint sector companies, or in the case of chemicals, fertilisers, pharmaceutical industries—the policy of establishing new industries wholly in the public sector came in for liberal pragmatic interpretation. "The stance of the Government in its relation to the public sector is a frail shadow of its former self. It is also the result of East-West accord." (Kidron). Soviet-American accord, co-operation and alliance in the economic policies of India, was reflected in the announcement of the World Bank, that "the issue of public and private enterprise has lost some of its sharpness".

Thus the public sector has been made into a base for extending the exploitation of Indian nation by foreign private capital. Yet, the Soviet government and its publicists praise the Indian Government's policy of developing the State sector.

Soviet revisionists are full of praise for the government of Indira Gandhi who, they claim, has played an extremely great progressive role in nationalising the banks and thus helping to control monopoly growth in India. In the course of my statement, I have tried to prove how the formation of the State financial institutions such as the I.C I C.I, I.F.C., U.T.I., etc., has helped the growth of monopolies in the Indian corporate sector—more particularly the foreign monopolies. Every official committee, that has been appointed to analyse the working of these

institutions — including the State Bank of India and the Life Insurance Corporation — has been categorical in concluding that the nationalised financial institutions and banks have been responsible for the growth of monopolies in India.

Let us look at the L.I.C.'s role in mobilising funds for monopolies in India.

According to Hindu, May 16, 1969; the Life Insurance Corporation has invested Rs. 77.48 crores, amounting to 33 per cent of its total investment, in only 10 big business houses—Tatas and Birlas sharing the biggest amount.

L.I.C.'s investment in Tatas was Rs. 26.09 crores, in 22 companies out of a total of 53 companies in that group.

	(Rs. Crores)
Loans	0.80
Debentures	6.80
Preference shares	3.06
Equity	15.53
Total	26.19

In Tata Steel, L.I.C. holds 29.9 per cent TELCO 21.4 per cent Tata Chemicals 19.5 per cent and in Voltas 27.8 per cent of equity holdings.

LIC's holdings in Birlas, amount to Rs. 21.73 crores, in 30 companies.

	(Rs. Crores)
Loans	0.67
Debentures	4.17
Preference shares	5.64
Equity	8.55
Total	19.03

Even foreign companies, such as Alkali Chemicals (I.C.I.), Indian Explosives (I.C.I.), Carborandum Universal, Parry, Hindustan Lever, Indian Copper, Larsen and Toubro, Metal Box, Rikitt and Coleman, Sandoz, Shaw Wallace, Glaxo, and WIMCO, have been beneficiaries from L.I.C. funds. In such circumstances, to praise the State sector as playing an important role "in reducing the power of monopolies and weakening the position of foreign capital," as Pravda declared in its Brue of August 4, 1970, is nothing but derailing and disrupting the revolutionary forces in India.

Thus the official credit institutions are being used to bolster the private sector; even the companies with foreign capital, with a right to repatriate their profits, have been beneficiaries of the government's

generosity. In fact, the largest beneficiaries from the official agencies are the business houses flourishing along with foreign collaborationists. When such are the facts, to write, propagate, and use all media and machine of the powerful State to proclaim that "it is generally known that the prevention of concentration of economic power under private ownership and of the rise of new monopolies was one of the purposes of State regulation of the economy, implemented in the country by the ruling party—the Indian National Congress (Pravda, August 4, 1970), is to affirm the counter-revolutionary alliance of Soviet imperialists with the Indian ruling classes and Western finacial capital.

Patriot of Delhi, on January 3, 1972, commenting editorially on the government announcements of relaxation of rules for expansion of certain industries, remarks that this represents "one more pot hole on the already much eroded surface of governmental faith in the thesis of socialist production". It further comments that it has been the "characteristic of our growth which, while talking impressively of talking over or establishing the commanding heights in the economy have mainly benefitted the monopolist who has been permitted to exploit the collective surpluses of the people to increase his own power."

Ulyanovsky sings hymns of praise to the ruling classes of India: "Nor did the reactionary forces succeed in disrupting the extension and consolidation of India's economic co-operation with the Soviet Union and the other socialist countries. India's ruling circles realise that it is the strengthening and widening of these ties that provides the basis for carrying out economic plans and consequently the battle for economic freedom.....The ruling circles also realise that only large-scale, systematic, assistance from the socialist countries has enabled India to obtain growing financial aid from the Western capitalist countries and to receive it on less onerous terms." (Pages 245–246).

Here is a so-called *'communist'* publicist, from the land of Lenin and Stalin, urging the Indian ruling class to continue to depend on loans from Western imperialism. The so-called large-scale systematic assistance from the revisionists has certainly enabled the Indian ruling class "to obtain growing finacial aid from Western capitalist countries"—to the extent that, today, the growing burden of repayments has turned into a noose round the neck of the Indian economy.

Soviet revisionists fail to understand that the so-called public sector under capitalism, where the private sector in alliance with foreign finance capital predominates and continues to grow, will not only be too weak to influence the main sector but will help to strengthen the foreign finace capital's faster penetration into all spheres of economy.

To expect that a country can be industrialised on the basis of Soviet loans for the public sector, loans from foreign finance to the private sector, and deep penetration by foreign private capital, is to build castles in the air and to live in a fool's paradise. No amount of foreign aid can ever

solve the problem of a semi—colonial economy, resulting in semi-feudal, and imperialist exploitation. On the other hand, further penetration by foreign capital of this semi—colonial economy aggravates all dormant contradictions.

Mark had explained that the System is an enormous centralisation and gives to the class of parasites fabulous power to interfere in the most dangerous manner. Lenin, on the basis of intensive study of the methods of finance capital, concretised the process of interference leading to control. *"They can"*, wrote Lenin, *"by means of their banking connections, by running credit accounts, and transacting other financial operations, first ascertain exactly the position of various capitalists, then control them, influence them by restricting or enlarging, facilitating or hindering their credits, and finally they can entirely determine their fate, determine their income, deprive them of capital, or on the other hand permit them to increase their capital rapidly to enormous dimensions etc."* (*"Imperialism" By Lenin*).

In India, both loan capital and foreign private capital have been progressively extending, with the result that the control of the purse-strings by foreign finance, gives it control over India's survival.

"Trade follows aid": so has it been with Soviet economic relations with India. During the last 15 years, there has been a phenomenal growth in Indo-Soviet trade, from Rs. 1.3 crores in 1953 to Rs. 346 crores in 1969-70. And trade with India is benefitting both the Soviet Union, and more and more Soviet trade with India is benefitting the Indian concerns dominated by foreign capital. Trade with the Soviet Union, as with other developed countries of the West, has had the effect of increasing Indian dependence on Soviet loans. Of late, many unsavoury features of this Soivet trade with India are coming to light.

According to the latest Indo-Soviet Trade Agreement concluded in 1970, *"The Soviet Union has agreed to import specific quantities of industrial goods, particularly those produced by the Russian aided projects."* (Economic Times, December 20, 1970). A number of Soviet projects in India—such as the pharmaceutical, heavy engineering, coal mining machinery manufacture, and such others—have been producing less than at their capacity, since the limited market of the semi-colonial economy of India is not in a position to utilise its production. This link-up of purchases from the Soviet aided units, which have been running at under-capacity for much too long and whose performance so far has been too sick, will enable these projects to make good the lee—way and also help the Soviet Union to make enough profitable trade in view of the cheap labour in India. Besides, by this stipulation, Moscow contrives by proxy to keep tabs on the sales of these units and through them on the units themselves." (See Frontier, January 9, 1971.)

The Soviet Union has also agreed to import new items of non-traditional exports from India. "The new items include electric motors,

excavators, aluminium cables and other manufactured goods. The Soviet Union will also increase its purchase of goods like cosmetics, storage batteries, and varnishes." Thus, by 1975, manufactured goods will constitute 60 per cent of India's exports against 44 per cent at present. The share of engineering goods will go up 15 per cent Almost all the industries established in India, even after so-called Independence, have been collaborationist industries. The foreign collaborationists who have no other interest except to exploit the Indian market have prohibitive clauses entered into the agreements restricting exports to all those countries where the collaborators already have an export market. To feed the Soviet market through India as '*Made in India*' goods serves the aim of Western capitalists of marketing their goods and simultaneously serves the aim of social imperialists of collaborating with Western imperialism under the facade of helping the growth of Indian industries. For example, according to a news item appearing in Times of India, dated May 4, 1971, a spokesman of Indian Tobacco Co.— a subsidiary of Imperial Tobacco Company—announced that in the year 1970-71 this company had so far exported its goods to the U S S R worth Rs. 90 lakhs and that a second consignment of Rs. 45 lakhs was getting ready for export. Economic Times of November 27, 1970, reports that coffee exports of Brooke Bond (India) showed substantial improvement, and the same paper of January 9, 1971, reported that "Russia, the monpolist buyer of Darjeeling Tea, re-exports it to the West European countries, and gets in exchange precision goods. Russia earns hard currency by virtue of India and under cover of Socialist aid".

The Statesman of January 3, 1972, in a news item from Trivandrum reports that the Kerala Chief Minister Mr. C. Achuta Menon said "that the Union Government had come to know of some East European countries selling coir goods imported from India to West European countries, which deprived India of much needed foreign exchange". To loot India to the detriment of Indian development is the common policy of all imperialists —including the Soviet social imperialists. "Glaxo Laboratories India Ltd., has been awarded the largest single contract ever placed by the Soviet Union in India for Beta-Ionone. The value of this contract is over Rs. 50 lakhs, covering supplies for the first 16 months of 1971." (Economic Times, December 5, 1970).

Times of India May 7, 1971, in its City Notes reports that "the cable industry achieved a striking progress in the export market", that "the consortium of cable manufacturers which spearheads the export drive has built up export orders worth Rs. 5.75 crores in the last one year", and that "the U S S R has placed orders worth Rs. 1.52 crores." The Indian cable industry is heavily foreign-dominated; many of the foreign collaborators are giants in this industry such as British Insulated Calendar Cable, Siemens of West Germany, British Enfield Corporation, Associated Electrical Industries, and so on.

Is there any wonder that "India's close relationship with socialist countries has become far more acceptable" to Western finance capital? Since this collaboration between the American and the Soviet world has become a settled fact, "there is now evidence of far tougher bargaining by the socialist bloc of countries in the light of lessoning cold war tensions" because there is no further need of openly posing as saviour of Indian economy from the devilish grip of foreign finance capital, and because of this close collaboration and India's growing indebtedness, India has considerably contracted its bargaining power to fairly well defined limits.

Soviet revisionists are pioneers of new thought. They pride themselves as pioneers of '*Creative Marxism*' which is influencing American and world finance capital in providing greater quantum of aid and is, according to their own statement, playing a key role in influencing their policies of aid. India is made the centre of their experimentation in '*creative Marxism*'. Through India, they hope to influence the other third world countries, and they have now started a new experimentation, providing new pastures to Western finance capital to feed their unsatiable hunger for super profits. The latest trade agreement with India "contains clauses providing joint ventures in third countries." (Economic Times, December 29, 1970).

A. Apronovitch, in his book on monopoly says that "the world of big business is a dense jungle, in which the beasts of prey have a great deal of comouflage." (page 22). The finance capitalists penetrate other countries, not only directly from their own country but through other countries, if they find this indirect penetration easier. "Following the war, British monopoly capitalism needed the aid of the U S to rebuild its position, and the price of that aid has been the growing subjection of Britain and the growing penetration of the empire by U S goods and capital." ("Monopoly" by Apronovitch page 68). Here is Soviet social imperialism, following in the footsteps of finance capital—under the guise of creative Marxism as applied to the aid programme to developing countries—playing the role of imperialist big bussiness, using India as a base for capturing the economic heights in Afro-Asia. As a writer in Frontier comments: "The agreement has another dimension. Our bourgeoise are a special animal. Though they complain that they do not have money in the kitty for domestic use, they have shown unusual alacrity in exporting capital to the third world countries in order to use their cheap labour for fat pickings. Of late, Moscow has come to see some pragmatism behind this policy and has flung open its '*socialist*' cupboard to Indian capital in joint ventures with the third countries. It might appear innocuous, but taken together it fits into a pattern." (January 9, 1971).

Thus the Soviet revisionists have blessed the expansionist policy of the Indian Ruling class. The Soviet revisionists have agreed under new pragmatic creative Marxism to become partners in this expansionism. Thus the Soviet revisionists are providing new urges to Western finance capital to use India as an economic base to camoflage their expansion.

Use of India's Cheap Labour for Profit

To make use of India's cheap labour for profit is the aim of all imperialists—Western imperialists as well as such social imperialists. India is in need of industrialisation. India is struggling to utilise the existing industrial capacity more fully. India is in need of greater exports to pay for the growing needs of amortisation due to its ever-increasing debt. All imperialists are now coming forward to save India from disaster.

Western imperialists are prepared to set up industries in India, the production of which will be bought by Western countries to make use of them to turn out finished products. "West Germany, Britain, Japan are among the industrially advanced countries which have offered to move some of their large industriyl plants and set them up in India in collaboration with local entrepreneurs," reports Statesman (September 20, 1971).

Why are these powers anxious to get rid of established plants in their country to re-establish them in India? As Indian Express in its 'New Delhi Dairy' (September 26, 1971) reports, "because of shortage of semi-skilled labour, the highly developed countries like Germany, Britain, and Japan, now prefer a more sophesticated technology of automation which reduces dependence on manpower."

The Ministry of Industriol Development, has, according to Mr. S.S. Kanoria, President of the Federation of the Indian Chamber of Commerce, assured that licences and collaboration agreements would be cleared within about three months of the submission of proposals. Marvelous plan indeed! What if it is an obsolete industry? It will help India to increase production, increase exports, increase employment. And, of course simultaneously for Western countries it ensures a fair return of not only profits but also a fixed royalty, along with disbading of worn-out plan with good profit on immidiate sale!

The Soviet Union cannot be left behind in her eagerness to help India. Being a *'socialist'* country she was unhappy that the textile worker is not fully employed for lack of cotton and failure of foreign markets for its textiles. She has come forward with a plan to provide cotton to Indian textile industry, and she has promised to purchase the total production—of course on her own conditions.

How well the revisionists follow in the footsteps of imperialists. Cheap labour is an attraction, for super-profits. Imperialists and social imperialists, alike, are anxious to help India and make proper use of cheap labour—each in their own way.

Both the revisionists and the imperialists are full of praise for the Indian Government. The Soviet paper Pravda was all praise for the government for having taken anti-monopoly measures, for curbing and weakening foreign capital, etc. We have noted how the Pravda in 1970, had acclaimed: "India's successes in building a national economy are generally known. It plays an important part in reducing the power of the

monopolies, weakening the positions of foreign capital, and narrowing the gap in the level of development in different parts of the country" The paper further goes into hysterics and proclaims that, "Never in the 23 years of India's existence as an independent nation has its political life been so tense as it is now. In July-August 1969, a political struggle began between the patriotic, progressive forces and the reactionary forces which are closely connected with the Indian monopolies and imperialist circles." (August 4, 1970). So, according to the Soviet revisionists, Indira Gandhi's ruling party is *'anti-imperialist'* and *'anti-monopoly'*, fighting for the *"interest of the masses"*; against the "selfish aspirations of India's big monopoly capital, which is linked to the U.S. and British capital" and to the "old feudal lords and now semi-feudal lords in the countryside"

On the one hand the Soviets hail the increasing help from the imperialist States by announcing that Soviet aid was mainly responsible for its greater flow into India and by proclaiming that Soviet aid has been responsible for changing the policies of the imperialist aid, to reduce its fangs of exploitation. On the other hand, the country is aware that the policies of the Government of India have been helping the monopolies as was made clear even in the latest government announcement which gave a free hand to monopolies to increase their production and in their policy of giving greater concessions to foreign monopolies as was revealed in the case of *'Zuari'* fertilisers in Goa.

It is, therefore, not at all surprising that the Japanese monopoly House, Mitsubiri, was favourably impressed in 1971 with the conditions prevailing in India. The Japanese investigation team in India in 1971 reports that "the Indian government is only making full use of the activities of private entrepreneurs for construction of national economy. We are assured by government officials and business leaders that there is no chance at all of foreign investments officially approved by the Indian government being nationalised in future and that foreign investment was favoured....in many ways". It concludes by recommending to Japanese investors that they should enter India in a big way since the massive Congress victory in 1971 has "established the political situation" and the investment climate in India is "quite normal and promising."

Thus Soviet aid, instead of playing an Anti-imperialist Role, has only helped Indian monopolies and imperialist monopolies to further strengthen in India a kind of comprador, Bureaucrat capitalists.

Is Soviet Aid 'Anti-Feudal'?

Soviet aid has played no greater role than the Western aid in rural India too. As a matter of fact, Soviet aid has tried to divert the attention from the implementation of land reforms to intensification of, and strengthening the base of, exploitation of landlords in the countryside. At a time when India was facing an acute food crisis, Soviet revisionists sold the plan of *'State Farms'* to the Indian bourgeoisie. They gave free of cost a few tractors, combines, and complementary machanical agricultural

equipment, to prove to the bourgeoisie that setting up of large agricultural farms is the surest way of increasing agricultural production and saving India from the intensifying food crisis.

Ulyanovsky has set out the plan for greater agricultural production in the following terms in his book "The Dollar and Asia". "Operation of the large mechanised state farm in Suratgarh for eight years has proved that it is highly profitable. And this is only the beginning. India has nearly 100 million acres of land suitable for cultivation but untilled; unused and virgin lands require a certain minimum of investment which can be fully repaid in the first two or three years and then can bring a net income of from four to eight per cent annually. It took eight years of struggle within the ruling class to start building, with the help of the Soviet Union, another large state farm. This was done only on the insistance of Prime Minister Nehru, after a special committee, formed in 1959, confirmed the expediency of organising such farms." (Page 208).

There are certain reactionay forces in India, he further records, that do not want India to become self-sufficient in her food sapply", since "it is of benefit to the enemies of the Indian people both at home and abroad."

"The organisation of even 100 large state farms naturally would not provide food and raw materials for the swiftly growing population of developing industry.....".

"Experience shows the importance of developing irrigated farming in the arid regions and manufacturing chemical fertilisers on a large scale. But the development of state farms and agricultural co-operatives *will lay the basis* for freeing India from foreign dependence in the major field of the economy—provision of the people with food." (Page 208).

Therefore, large-scale farming is the panacea for India's ills in agricultural production. Soviet experimental farms laid the foundation, along with the intensive cultivation progrmme of the Western imperialists, for the *'Green Revolution'* through mechanisation of agriculture. Soviet and East European tractors on sale all over the country during that period laid the basis for the big landlords to change the technique of production. Growing financial help from the government through co-operatives helped the process. Landlordism got strengthened. It is also during this period that Panchayat Raj institutions were set up to strengthen the social and political base of the landlords. Soviet state farms, Soviet tractors at cheap rates, created the basis for penetration of Western capital into agriculture Foreign industries were established to produce tractors, electrical pumpsets fertilisers and insecticides. And today, the World Bank has planned tc loan hundred of crores of rupees for agricultural development as an inducement to purchase foreign agricultural machinery. Thus both Western imperialists and Soviet social imperialists are hand in hand I and in complete mutual co-operation played the role of strengthening the landlord class in the countryside Instead of helping in the demolition of feudalism,

Soviet aid has helped to strengthen feudal landlordism. Capitalist production relations superimposed on the feudal land relations aggravates the crisis, but does not solve the problem,

Results of Soviet Aid

(1) Soviet aid has helped to increase Western aid. Western finance capital's penetration of India has been greater than ever.

(2) Soviet aid, however valuable it may be to the Indian compradore class as a bargaining counter (which capacity it lost in the later period) with western finance, has not only failed to be a *'catalyst'* for the growth of a self-generating economy, but it has only helped India grow more dependent on foreign aid.

(3) The public sector built with Soviet help has become a hand maid of the private sector—helping the private sector to grow faster with the active participation of foreign private capital. The public sector has helped to generate demand for private firms. Public sector has sub-sidised its inputs in the private sector through under-pricing power, transport, fuel and steel, and helped to amass extraordinary profits.

(4) Soviet aid has not only helped to increase doses of Western aid but has also played the ignominious role of a catalyst for the increasing growth of foreign private capital in chemicals, fertilisers, oil, and engineering industries.

(5) Soviet aid has helped India's expansionist tendencies to grow.

(6) Soviet aid has helped the Indian landlord class to increase its economic and political power.

Thus, whatever be the contradictions between the various Western powers and Soviet revisionism, basically their role is the same—to maintain and strengthen the political, economic and social *status quo* in India.

How Indian is The Indian Bourgeoisie

In the course of my statement, I have tried to show how the Indian bourgeoisie has become more and more dependent of imperialism in all aspects of its activitly. Consequenty, every detail of our activity—political social, and economic—has come to be dominated by the imperialists.

I have tried to show how the quantum of assistance from imperialist powers has grown phenomenally from Plan to Plan and how the utilisation of foreign aid has grown—from Rs. 40.54 crores per year upto the First Plan to the phenomenal average of Rs. 1032 56 crores per year during the period of the plan holiday after the Third Plan.

I have shown how this immense flow of foreign finance capital has become a major sustanance for our budgets and for maintaining industrial production even in the already established industries. It was seen that the proportion of budgetary deficit covered by foreign assistance has increased from 9.2 per cent in the First Plan to 52.7 per cent in 1965-66—that end of the Third Five Year Plan.

We have also noted how foreign private capital, making use of official loans from various foreign governments and international organisations, has made phenomenal progress in the most important industrial activity—steel, oil, chemicals, transport, metal (such as aluminium), and in various other core industries,

We have also seen how the Indian financial institutions—such as I.F.C., I.C.I.C.I., L.I.C.—have become sources of mobiliation of scarce Indian capital in the interests of foreign capital's domination over our corporate sector, and how by financing the lending operations of financial corporations, foreign finance has come to occupy the commanding heights of these institutions.

We have also noted that, in the past two years, international finance has entered and is entering the country side, in a big way giving huge loans for agricultural development. It has already gained undue influence in the co-operative field. It is on way to complete domination and control of the financing policies and institutions in the agricultural sector.

We have seen how the influence of foreign finance has changed our policies according to their dictates through allowing induction of huge foreign private capital into the public sector concerns in oil, fertilisers, etc. Our economic policies have been tuned to their wishes—by changing our plan orientation mainly to wards agricultural development, reducing the value of the rupee etc.

Finally, we have noted how the economic drain today is not a whit less than what it was in the colonial period, even though the forms of the drain are different. There is drain in the form of paying foreign personnel-official, semi-official and private—; drain for repayment of loans and interest mainly for non-income deriving projects of infrastructure, such as power, railways, communications, irrigation; drain pertaining to excess payments for commodities purchased on account of non-project loans and tied imports, drain due to unfavourable terms of trade imposed by imperialist countries on underdeveloped countries; drain due to excess charges on shipping transport etc; and finally, drain due to payment of profits, royalties, technical know-how, and payments to head offices of '*mother*' companies. On all accounts, it cannot be less than a thousand crores of rupees a year.

And yet, doubts are expressed over the semi-colonial character of our economy. We have tried to answer this doubt by showing how India is not getting industrialised even though a certain number of industries have developed. Neither the total industrial income has effected a qualitative change in total national income, nor production relations have changed from agricultural to industrial in the past 70 years. India has continued to be a stagnant economy over the past 20 years.

Under such objective conditions, to expect an independent bourgeoisie to develop and dominate the field is foolishness unprecedented. Since this question of the charater of Indian big business is extremely pertinent to the Indian democratic revolution, we must now answer the question: How independent is the Indian bourgeoisie and how Indian is the Indian bourgeoisie? Is the Indian bourgeoisie a compradore bourgeoisie?

What is the Character of Compradore Bourgeoisie?

There is a general tendency to equate the Indian compradore bourgeoisie to the Chinese compradore bourgeoisie and to immediately assert that since the Indian bourgeoisie is not the same as the Chiness compradores in all aspects, the Indian bourgeoisie is not and cannot be compradore bourgeoisie—that the Indian bouregoisie is more industrial than the Chinese bourgeoisie, that this is an industrial entrepreneur class and, therefore, cannot be compared with the Chinese bourgeoisie which was not, in the main, industrial.

Their reasoning is as follows: "*What is the relevance of imperialism to India?* How neo-colonial is the Indian State?

"*Two extreme characterisations, both claiming to be Marxist, falsify reality one grossly underestimates the collaboration of the Indian bourgeoisie with imperialism by attributing far too independent a character to the former, and the other considers India aneo-colonial State ruled by the compradore bourgeoisie similar to the ruling class in pre-revolutionary China.*

The first view refuses to recognise the extent of foreign capital's penetration and control of the Indian economy and fails to see the increasing collaboration of the Indian ruling class with imperialism against the rising democratic forces within. The second view is blind to history, to the emergence and growth of an indigenous industrial bourgeoisie more developed than its counterpart in many other countries of colonial Asia. It was this class which led the struggle for independence. It is inconcetvable that a compradore....bureaucratic class could develop contradictions acute enough to carry on a nationalist struggle against imperialism. Since Independence, there has been nothing to suggest that the industrial bourgeoisie has degenerated into a compradore class."

This opinion expresses a serious viewpoint of a section of the communist movement in India—the opinion of C.P.I. (Marxist) This quotation from the **Radical Review** (Volume 2, No 3), published from Madras, has been taken as the opinion of C P.I. (M) since it gives its reasoning cogently and clearly in one place.

It gives three reasons to reject the analysis that the Indian bourgeoisie is basically of compradore character.

(1) The Indian bourgeoisie is not similar to the ruling class in pre-revolutionary China.

(2) For this reason, this bourgeoisie *"could develop contradictions acute enough to carry on a nationalist struggle against imperialism."*

3. The Indian bourgeoisie is an indigenous industrial bourgeoisie, more developed than its counterpart in many other countries.

Chinese Bourgeoisie and Indian Bourgeoisie

From the above account of the C. P. I. (M) opinion, it looks as though there was no industrial bourgeoisie in China. That is not true. Just as in India, penetration of foreign capitalism played an important part in the disintegration of China's social economy—undermining the foundations of her self-sufficient natural economy and hastening the growth of a commodity economy in town and country. This gave rise to certain objective conditions and possibilities for some merchants, landlords, and bureaucrats, to invest in modern industry as far back as in late 19th century, to create capitalism in China. Therefore, there was an industrial bourgeoisie in China, chiefly in textiles and flour milling. It is true that the Indian bourgeoisie grew stronger during the periods of the first and second world war due to their collaboration with imperialism in their war effort and minted extraordinary profits. The question is, this bourgeoisie due to its links with imperialism and feudalism, even though it happened to be the leader of the national struggle and due to the weakness and failure of the working class party to gain the leadership, it was not interested in the total victory of the democratic revolution and compromised with imperialism.

Therefore, it is not a question as to whether the Chinese bourgeoisie was less developed or more developed. The question is what the main

characteristics were. We must also remember that the Chinese bourgeoisie led a national liberation war. "*The Chinese bourgeoisie, which is also a victim of imperialist oppression, once led and played a principal role in the revolution of 1911*" (Mao Tsetung) Therefore, to think that only the Indian bourgeoisie led the national struggle, and not the Chinese bourgeoisie, is not correct. For that reason, to come to the conclusion—especially in regard to the Indian bourgeoisie—(which was always against rousing the people for a National Liberation War, and was always for compromise at every moment when the people came into action afraid of the '*rabble*', as Gandhi called them in 1946), that it was "*this bourgeoisie which led the struggle for independence*", is entirely wrong. To be truthful to history and to facts, it was this bourgeoisie which led the '*grand betrayal*' of the national liberation struggle, at a time when all classes of people in the country were on the path of war against imperialism and feudalism.

Before we proceed to discuss the characteristics of the comprador bourgeoisie, we must answer one more facile argument.

In the Resolution, " On Left Deviation or Left Opportunism", passed by the central committee of CPI (M) at Madurai in 1967, it is argued :

> "*What is the implication of a stooge government, a neo-colonial State or a State run in collaboration with imperialism in a period when imperialism is collapsing all over the world? It implies that the State and the government are already completely isolated, universally hated and armed struggle is the only form left to the people; it has only to be called for it to be started.*" (*page 5*)

It is such an infantile and childish argument that it is above all reasonable explanations. It has innumerable number of implications. 'A stooge government'—a stooge to imperialism. When a particular State is the centre of contradictions between various imperialisms struggling for total hegemony in their exploitation, there is no reason to be surprised at such a situation.

Mao Tsetung has said: "*However, different sections of the compradore big bourgeoisie owe allegiance to different imperialist powers, so that when the contradictions among the latter become very acute and the revolution is mainly directed against one particular imperialist power it becomes possible for the sections of the compradore class which serve the other imperialist groupings to join the current anti-imperialist front to a certain extent and for a certain period. But they will turn against the Chinese revolution the moment their masters do.*"

(Chinese Revolution and Chinese Communist Party)

Due to the growing contradictions amongst imperialist powers, India is becoming a cockpit of struggles, so far, mainly covertly but more and more are coming into the open. Simply because of such a situation one cannot refuse to see the semicolonial nature of the state.

Secondly, the above argument that immediately one characterises a country as *a neo-colonial state,*" it "*implies that the state and the government is already completely isolated and universally hated. Armed struggle is the only form left to the people; it has only to be called for it to be started,*" is a silly, infantile, and fantastic argument. Simply because the government or the ruling class are not yet completely isolated, or are yet not "*universally hated*", simply because of that, can a neo-colonial State become an independent and a sovereign State? Does it automatically follow that, immediately a State is objectively characterised as a semi-colonial or neo-colonial State, "*armed struggle becomes the only form of struggle*"? Or that one should not characterise any State as neo colonial State unless, armed struggle "*has only to be called for to be started*". These are certainly funny conditions to characterise a State. The character of a State does not change on the basis of its complete isolation from the mass of the people at a particular moment. Hitler was the most popular head of the State at a particular moment, and would it be enough reason to refuse to characterise Germany then as a fascist State? People were not ready for an armed struggle in colonial days. Did that preclude the characterisation of India as colonial India?

Chinese Characterisation of Compradore Bourgeoisie

Whatever are the different shades or forms of the compradore class, the basic characteristics are the same. Just as smallness or bigness of imperialism (for example the Portuguese or the British) does not change the basic character of imperialism, so also simply because the Indian bourgeoisie is more developed than any other bourgeoisie in Asia does not by itself preclude its being a compradore bourgeoisie.

Therefore, it is necessary first to understand the characteristic feature of the compradore. Let us, therefore, try to understand what the Chinese mean by compradore.

> "*In economically backward and semi-colonial China, the landlord class and the compradore class* are wholly Aappendages *of the international bourgeoisie* depending *upon imperialism* for their survival and growth."
>
> (*Mao Tsetung* "Analysis of Chinese Society").

A further explanation is given as a note to the above:

'A compradore, in the original sense of the word, was the Chinese manager or the senior Chinese employee in a foreign commercial establishment. The compradore Served *foreign economic interests and* Had Close Connection *with imperialism and foreign capital."*

Thus a compradore has various shades of dependence according to the nature of the times. He might be merely an ordinary employee or he might act as a manager, he might be acting as a direct purchasing agent of a foreign firm for the supply of raw materials or a selling agent of his product; he might be acting as a benami of foreign finance or a subordinate partner of a foreign firm; or, during this period of the final stage of the collapse of imperialism and the victorious march of national liberation struggles the activity might take the form of *'joint sector'*. All these various forms can make the native bourgeoisie, wholly appendages of the international bourgeoisie, *depending upon imperialism for their survival and growth*, and so serving foreign economic interests in close connection with imperialism.

Such diverse forms are not peculiar to India. There are always certain parties, as in India to confuse the issue, in their effort *"to root out all revolution, and thorough-going resistance....and to prepare public opinion for their capitulation ..."* ("On New Democracy")

Mao Tsetung, characterising such a situation, says the following :

"This is deliberately being fostered by the Japanese imperialism. Since their occupation of Wuhan, they have come to realise that military force alone cannot subjugate China and have, therefore, resorted to political offensives and economic blandishments. Their political offensives consist in tempting wavering elements in the anti-Japanese camp, splitting the united front, and undermining Kuomintang-Communist co-operation. Their economic blandishments take the form of so-called joint industrial enterprises. *In central and southern China, the Japanese agressors are allowing Chinese capitalists to invest 51 per cent of the capital in such enterprises, with Japanese capital making the other 49 per cent, in northern China they are allowing Chinese capitalists to invest 49 per cent of the capital, with the Japanese making up the other 51 per cent. The Japanese invaders have also promised to restore the former assets of Chinese capitalists to them in the form of capital shares in the investment At the prospect of profits, some conscienceless capitalists forget all moral principles and itch to have a go. One section have already capitulated. Another section lurking in the anti-Japanese camp would also like to cross over ... So they have put their heads together and decided to prepare the ground in cultural circles and through the Press. Having determined on their policy, they have lost no time, in hiring some 'Metaphysics-mongers' plus a few Trotskyites who brandishing their pens like lances, are tilting in all directions and creating bedlam."*
("On New Democracy").

The position now is made clear. At a certain stage in history, imperialism adopts new tactics to ally itself more firmly with the indigenous bourgeoisie and one of the tactics is to allow *'joint'* partnership in

'Joint Industrial ventures' It is not simply a question of the *"growth of indigenous industrial bourgeoisie, more developed than its counterpart in many other countries of colonial Asia"*. To look at this problem on the basis of the formal outward appearance, and to forget the inner content is to behave like simpletons and not Marxists. *"All that glitters is not gold"*, and *"all that is white is not milk"*, however much the revisionists may try to prettify foreign aid.

That is why Mao Tsetung characterising the compradore bourgeoisie says :

"The compradore big bourgeoisie is a class which directly *serves the capitalists of the imperialist countries and is* nurtured *by them; countless ties link it closely with the feudal forces in the countryside."*

("Chinese Revolution and Chinese Communist Party").

How succintly and clearly it is defined ! The compradore bourgeoisie is nurtured by the imperialists and this compradore bourgeoisie serves them. I have pointed to the court as to how this mutual understanding has been working in Indian conditions. The growth of the Indian bourgeoisie is directly linked to foreign finance. Every new industry established in this country is nurtured by foreign finance. The phenomenal growth of the big bourgeoisie during the *'post-Independence'* period is directly linked to foreign finance. Tatas, Birlas, Mafatlals, and a score of others, have grown and are growing under the protective umbrella of foreign finance capital. Simultaneously, foreign finance is served directly by the compradores through magnanimous tax concessions, and by putting at their service all the financial institutions and scarce budget resources.

It is useful to recall what Teresa Hayter has said in her book, "Aid as Imperialism", regarding the role of foreign aid : *"It may help to create and sustain, within third world countries, a class which is dependent on the continued existence of aid and foreign private investment and which therefore becomes an ally of imperialism"* (page 9).

And yet, there are some people, masquerading as communists, who have been *"brandishing their pens like lances, are tilting in all directions and are creating badlam"* in their pitiful trial to cover up this nasty but dangerous deal in various forms.

Growing Degeneration of the Indian bourgeoisie

Another patent argument in support of the thesis that the Indian bourgeoisie is not compradore is that, *"since Independence there has been nothing to suggest that the industrial bourgeoisie has degenerated into a compradore class"*. This objectively incorrect thesis has dangerous implications. It concedes that the Indian bourgeoisie is being an independent bourgeoisie by playing an independent role and taking advantage of the contradictions between Soviet social imperialism and Western imperialism and by playing between various Western imperialist States, and that it is capable of independent growth. It may be slow and halting but it is independent growth. This thesis further implies that the Indian revolution has

no more to fulfil the task of national liberation. Izvestia of September 4, 1970, quotes Leonid Brezhnev as having said in his report on Lenin's birth centenary as follows:

"Today, with the disintegration of the colonial empire of the capitalists in the main completed, the former colonial world has entered a new stage: The struggle no longer is solely for national but also—and this is now the main thing—for social liberation and this is today becoming more and more sharply pronounced."

Does it mean that, since the disintegration of the colonial empire *"is in the main completed"*, the former colonised world in the main has no more an anti-imperialist political task? It means so because the task today is not political but social liberation. That is the new stage about which the revisionists speak in the former colonised countries. This arises out of an incorrect analysis of the character of the Indian big business and their servile role in relation to imperialism.

These persons refuse to see that neo-colonialism is a more pernicious and sinister form of colonialism India has not only not completely shaken off imperialist plunder, it has become an object of contention between various imperialist powers. And this is a fact of our everday life. The old colonialists have changed into neo-colonialists, and the new colonialists who have entered the field and have created a class which is dependent on them.

Today, along with the British hold on our economy, American, West German, and Japanese finance capital's hold on it is of no mean order. Soviet revisionism, moreover, is a partner and contender in this struggle for control. That the bourgeoisie, even though developed to a certain extent, is mostly associated with foreign imperialism is a fact. Imperialism controls India's vital financial and economic arteries. Not only economic but even cultural development is financed and programmed by them. Through their banks, aid, and penetration of private capital, imperialism is in control of our trade. They operate many enterprises in both light and heavy industries directly, and many more through joint sector, and thereby exert economic influence and pressure heavily and obstruct the development of productive forces. Imperialists, thereby, have created through the compradores a network to facilitate the exploitation of the remotest of the hinterland of our country.

To finally clinch this issue, it is important to study the growth of atleast one or two important houses in the post Independence period.

Growth of the Birla House between 1958 and 1966-67

Birlas are one of the few Indian industrialists who are making phenomenal progress in independent India. The assets of the Birla House in 1958 in the public and private companies, according to Dr. Hazari's data in *"The Structure of the Corporate Private Sector"* amounted to Rs. 118 crores.

By 1966-67, the assets of the Birlas increased to Rs. 447 crores—i.e., by about Rs. 329 crores as per the estimate of Economic Times (*"Directory of foreign Collaborations"* Volume II, Section 4, Page 18).

This is certainly excellent growth. What were the extraordinary objective conditions responsible for this growth? From the figures that I could gather, it was the great help rendered by the foreign finance capital that was mainly responsible (along with the help rendered by government financial institutions) for this leap. Let us look at the facts available with me:

The following are the foreign loans that this house received from various—mainly American—sources:

PL 480 : Cooley Loans	Rs. crores
1. Hindustan Aluminium (1960, 64 & 66)	5.00
2. Mysore Cement (1960 & 62)	1.55
3. Renusagar Power (1965 & 66)	4.79
4. York India (1966)	0.15
Total	11.49

US Export – Import Bank	
1. Hindustan Aluminium (1960, 63 & 65)	22.24
2. Orient Paper Mills (1961)	13.85
Total	36.09

DLF/AID Loans	
1. Hindustan Motors (1962, 64 & 65)	31.35
2. National Engineering	3.23
Total	34.58

Foreign Exchange Loans from IFC & ICICI :

These amount to (till 1966) 10.98

The total foreign loans received from the above sources by the Birla House till 1965 aggregated Rs. 93.14 crores. Thus, out of an increase of Rs. 329 crores of assets during this period, nearly 28.3 per cent finance was provided by international loans as published in External Assistance and the Report of the Dutt Committee.

But these are not the only foreign loans that the Birlas have received. Quite a number of deferred payment agreements, or equity shares of foreign collaborators, loans from the Commonwealth Development Finance Company Limited U.K., and many others, are not fully available. The following are the few that I could collect. The information here, which is extremely partial, will only help to understand the depth of the dependence on foreign finance.

Name of the Company	*Purpose*	*Amount*
1. Birla Jute Mfg.	Cement plant at Chittorgarh 1964	Rs. 50 lakhs French credit Rs. 10 lakhs Danish credit
2. Gwalior Rayon	Weaving division expansion 1963-1964	Orders for plant and machinery with Japan against payments spread over 10 years
3. Hindustan Aluminium		Rs. 160 lakhs of share capital of Kaisers
4. Hindustan Motors Ltd.	$ 450,000 on October 21, 1963, $ 250,000 on January 25, 1966 (Rs. 52.5 lakhs)	Common wealth Development Finance Company Limited U K.
5. Indian Rayon Corporation	Rs. 40 lakhs equity capital to Vonkonoru International Corporation U.S.A. Rs. 178 lakhs deferred payment credit to be provided by the company's collaborators.	
6. Pipe Project (outlay of Rs. 40 lakhs)	51 per cent Indian Rayon 49 per cent Raheem Manufacturing Co., N. Y. (1963-64)	
7. Mysore Cements	Total paid-up capital Rs. 79.95 lakhs	Rs. 9.70 lakhs equity to Kaisar Engineers Overseas as corporation Rs. 19.30 lakhs Willy Overland Export Corporation
8. Universal Cables Ltd.		Rs. 40 lakhs Common-Wealth Development Finance Co.
9. Universal Electrical Ltd.	House service meters	Rs. 8.1 lakhs share capital to Mitsubishi Electric Manufacturing Co., Japan
10. York (India) 50 per cent		Rs. 10.0 lakhs share capital, Borg Warner Corporation, U.S A.
11. Groz Beckert Saboo Ltd. (foreign company) Report of IIPIC Appendices II P. 112		Holding company, A.G. Gorz Switzerland
12. Hindustan Dowidat Tools		Rs. 6.5 lakhs equity shares to Dowidat works Remecheid, W.G.

The above material clearly shows that, even without full information, the growth of the Birlas during this period was heavily financed by imperialist capital.

One more factor we should note is that every one of the new industries of the Birla House during the post independence collaboration was almost more than 50 per cent financed by foreign capital or nurtured by them by every other means. Those industries are Hindustan Motor, Hindustan Aluminium, Orient Paper Mills, Mysore Cements, Renusagar Power. These are the most sophisticated of Birla industries, and they are almost entirely foreign financed and totally controlled by them. The latest —the Goa Fertiliser project—is a scene of the collaboration which finally sets the characterisation in its proper perspective.

Added to this foreign capital, is the bureaucratic capital which has joined hands with foreign capital to help it grow. The finance corporation IFC, and ICICI, gave the Birlas during this period financial assistance totalling nearly Rs. 20 crores (including Rs. 10 crores of foreign exchange). The State Bank of India and the Refinance Corporation added further assistance of Rs. 12.59 crores. The L I.C. and the U.T.I. helped the Birlas with Rs. 10.77 crores. During with 1956 to 1966, the public sector had thus assisted it with Rs. 81.62 crores.

The picture is a little bit clear. Out of an addition of Rs. 329 crores of assets to the Birla group of companies during these 10 years period, foreign finance—without taking into account foreign equity capital or loans from other than the U.S.A. or deffered payments—from U.S. official sources alone was nearly 28 per cent nearly an equal amount—Rs. 81.62 crores—was financed from bureaucratic capital. Major growth has been in the foreign-controlled companies. What does one call this growth ? Is it development of an independent industrial bourgeoisie, or development of a compradore bourgeoisie dependent on foreign finance and nurtured by them.

The Growth of Tatas

Tata's industrial structure is the best example of how a compradore is made entirely dependent on foreign capital and nurtured by them. The number of Tata companies which have foreign equity capital of a substantial magnitude are many in number, and Tata's connections with foreign capital are wide.

The following companies have foreign equity holdings :

(1) **Belfar Refractories :** (1958) Didier Werke of West Germany has equity shares.

(2) **Goodlass Nerolac Paints :** (1933) Lead Industries Ltd. England, is the holding company.

(3) **Indian Tube Company :** (1953) Jointly owned by stewarts and Lloyds and Tatas.

(4) **Scottish India Machine Tools Limited :** (1964) Rs. 25.60 lakhs equity held by Scottish Machine Tools, U.K.,, (about 40 per cent of equity). The British company was also to select in U.K., or elsewhere in Europe, specialists or technical personnel for employment in the company in the capacity of technical director, production engineer, and chief inspector.

(5) **TataFison :** (1957) : Fisons Limited, U.K., hold half of the capital (Kidron) "In India Fisons Limited, the international chemical and fertilisers group, on its own and in association with Tatas has interest in a number of subsidiary and associate companies—Tata-Fison Ltd., Rallis, C.E. Fulbord (India), Whiffins (India) Excel Industries."

(6) **Tata-Finlay :** (1960-65) : Finlays have substantial (majority ?) shares. The other prominent companies of the Finlay group of mills are : Finlay Mills, Swan Mills, Gold Mohar, Tisco, Belphar Refractories, Indian Tube, Voltas, Tomco, and several other group of companies including the electric companies.

(7) **Tata-Merlin-Gerin :** 1964 : Promoted by Tatas, Voltas, and Merlin & Gerin (France) : Volkarts of Switzerland are buying agents of the company and voltas are sole selling agents.

(8) **Tata-Johnson :** 1960 : Subsidiary of AB Karstad Mokhaniskan Warkade of Sweden hold 51 per cent of the shares.

(9) **Voltas :** 1954 : Promoted by Volkart of Switzerland and Tatas L.I.C. has financed this company heavily. It holds 21.75 per cent of paid-up capital, and 32.5 per cent of the total debenture issue.

(10) **Associated Bearing Company :** 1961 : SKF Gothenburg Sweeden holds 60 per cent of the equity shares.

(11) **Tata-Robins-Fraser :** Hewitt Robins of USA and Fraser and Chalmers Engineering Works of British General Electric Group will share 49 per cent of the investment.

(12) **Tata Engineering :** Daimlar Benz of West Germany received ordinary shares with two-fifths of the issued capital in the automobiles division.

(13) **Bradma Ltd. :** 1952 : Subsidiary of Adrema Ltd., U.K. which holds 55 per cent of equity.

(14) **Ceat Tyres of India :** 1955 : Coat Gomma SPA of Italy has more than 50 per cent of shares.

(15) **Henley Cables :** 1959 : AEI of UK hold 56.21 per cent of equity shares; Tata group about 17.72 per cent.

(16) **Merck Sharp & Dohme :** 1958 : Merck of U S A. holds 60 per cent of equity capital.

(17) **Industrial Perfumes :** 1957 : Roure, Betrand, Fils and Justin Duport, Paris holds 40 per cent of equity.

(18) **International Fisheries :** 1957 : International Fisheries Corporation of U.S.A. holds 51 per cent of equity.

(19) **Wiffins (India)** : Either a subsidiary or associate company of Fisons.

(20) **Tata Power** : "*A big part in founding the Bombay Electric Trust was played from the start by the American monopolists. In 1929, a subsidiary of J.P. Morgan began managing the hydro power stations of western India, together with a Tata concern. The Tata firm would run the companies, Tata Power, Tata Hydro Electric, and Andhra Valley Power,* **jointly with the American Syndicate** *which would have half the rights and would pay Rs. 37.50 lakhs in compensation; the agency managing the companies would be turned into a private joint stock company run by a board of seven directors—four of them appointed by the syndicate (two being American experts, two Indian), three appointed by the Tatas.*" (Levkovsky, Page 250).

"*An Interesting feature of the subscription list*" of Tata Hydro Electric Power Supply Co. said Dorab Tata, head of the Tata firm,- "*is that the bulk of the shares and debentures has been taken by some of the most prominent ruling chiefs and princes in India*" (Lovkovsky, Page& 82-83).

(21) **Tata Iron and Steel** : This, biggest company of the Tatas, was from the early period closely connected with American enterprise. An American economist who visited Tatanagar in the early 1930's wrote : "*A somewhat strange relic of the old days remains at the ore mines in the loading of iron ore from the baskets of the women's heads rather than by steam shovel. The American manager explained that this was more economical. Rice for the women is cheaper than coal for a steam shovel*". "*Tata Steel came to an agreement with Henry Kaiser and Company of America for designing, procurement, and construction of the extentions to the steel mills*".

(22) **Cement trust** : British and Indian cement plant owners decided on the merger of cement plants and on the formation in 1936 of a united cement trust—the Associated Cement Companies—in which British capital, the Tata concern, and some of the native princes, were represented. Thus ACC offers an example of the close business co-operation of British finance the Indian monopolists, and the princes. "Its 24-man board of directors consist, along with representatives of the British monopoly of Killick concern and Tata concern, eight directors representing various princes"—an excellent example, indeed, of the combination of foreign and Indian capital along with feudal interests !

Thus the Tatas from the earliest period to the present day have had the closest links with imperialist capital and feudal interests. Their ties with Burma Oil, Tin Plate of India, Bird Heilger's companies, Guest Keen Williams, and Meneill Barry, are also strong.

Therefore, it is no surprise that Tata's have been growing fast also with the help of foreign finance. Tata assets are said to have grown from Rs. 293 crores in 1958 to Rs. 464 crores in 1967 — a growth of Rs. 171

crores — and during this period international loans alone account for Rs. 84.35 crores, other than the foreign investments in the various companies I have listed above.

In the circumstances, is it correct to say that *"since Independence there has been nothing to suggest that the industrial bourgeoisie has degenerated into a compradore class"* ?

Much of the growth is thus found to have been initiated by the huge multinational companies, most of which are based in the U. S. A., West Germany, and Britain. This is the case with almost all big business houses :.

For example, Mafatlal's growth is mainly due to Indian Dyestuffs, National Organic, and Polyolefins. These three companies account for Rs. 55 crores of assets out of a total of Rs. 107 crores of assets of this House in 15 non-financial companies. Who, in his senses, can say that they are Indian companies ?

Thus foreign ownership and control of Indian business continues to increase, in both absolute and relative terms, through direct investments and loan capital, in all the major industrial houses during this post-Independence period.

Therefore, comprador bourgeoisie is the most dominating force in Indian economy. It is clear from the above enumeration of facts that they are wholly appendages of international finance capital, wholly dependent upon it for their growth. It is clear that this class, which has close relations with feudal landlordism, represents the most backward and most reactionary relations of production and hence hinders the development of India's productive forces. It is a class which has countlessties with imperialism and that it directly serves them for petty, secondary profits. As a subservient and useful force to imperialism, it is nurtured and maintained by it. The links of the compradore bourgeoisie with the feudal landlords are strong. For them, democratic revolution is an anathema. *"They have formed into a camp of traitors, for whom the question of whether to become slaves of a foreign nation simply does not exist because they have already lost all sense of nationality and their interests are inseperably linked with imperialism"*. Whichever imperialism is prepared to give a sucker to it, they are prepared to surrender to it.

For this reason, India is being made into a cockpit of international contradictions — each trying to make India into a strong base for super-profits for itself.

I had explained why the bourgeoisie is against the full bloom of the democratic revolution. I had also in short narrated why and how the Indian bourgeoisie betrayed the national liberation struggle and arrived at a compromise with imperialism and feudalism.

As Mao Tsetung had explained in 1940 : *"It is an era in which the world capitalist front has collapsed in one part of the globe, and has fully revealed its decadance everywhere esle, in*

which the remaining capitalist parts cannot survive without relying more than ever on the colonies and semi-colonies, in which the socialist State has been established and has proclaimed its readiness to give active support to the liberation movement of all colonies, and semi-colonies and in which the proletariat of the capitalist countries is steadily freeing itself from the social imperialist influence of social democratic parties, and has proclaimed its suppoet for the liberation movement in the colonies and semi-colonies. In this era, any revolution in a colony or semi-colony that is directed against imperialism, i. e., against the international bourgeoisie or international capitalism, no longer comes within the old category of bourgeois democratic revolution, but within the new category. It is no longer part of the old bourgeoisie, or capitalist world revolution, but is part of the new world revolution, the proletarian socialist world revolution."

"Such a revolution attacks imperialism at its very roots".

uch is the nature of democratic revolution in India, against imperialism, comprador bourgeoisie, and feudal landlordism.

Such a revolution cannot be led by the bourgeoisie. As part of the world revolutionary struggle it has to be led by the working class to its consummation.

History has proved that the Indian bourgeoisie cannot fulfil this responsibility, however much the revisionists might wish and render all help to the bourgeoisie. Therefore, this responsibility falls upon the shoulders of the proletariat.

FEUDALISM AND LAND REFORMS

India is a continent of clusters of villages. More than 80 per cent of the population lives in rural India. More than 70 per cent of them depend directly on agriculture. The poverty of the rural population is a great hindrance to industrial development. The development of the home market is a primary condition for industrial growth. It was primarily for this reason that every bourgeois democratic revolution was fundamentally an anti-feudal agrarian revolution. In the imperialist period, no liberation revolution can fulfil either anti-imperialist or anti-feudal democratic tasks, unless it is both anti-imperialist and anti-feudal revolution. We had previously noted that such a fullfledged national liberation war cannot be led by the bourgeoisie.

The Indian bourgeoisie has been closely linked with the feudal forces from its earliest period. A large number, like the Birlas, own extensive agricultural farms of their own. Quite a number, like the Tatas, were closely linked with feudal princes from the initial period of their industrial development. Even the national leadership of the national movement, such as Vallabhbhai Patel and Rajendra Prasad, hailed from the land-holding class. The leadership in the provinces was much more closely related to the landlord class. Consequently the National Congress, even though it talked of land reforms, off and on, mainly to shatter the influence of the Left forces, was never serious at any time about mobilising the peasantry in any national struggle. From the beginning it looked with derision and decried the growing people's struggle in the princely States.

To expect this leadership to go even half way in the implementation of anti-feudal reforms is foolish. Even the Zamindari abolition proceedings were an eye-wash. As Gunnar Myrdal explains in "Asian Drama": *"These measures can hardly be said to have produced a radical change in property relations. For the former intermediaries, abolition meant merely a change in the sources of their income and—particularly for those with a large income—some reduction in size". These reforms affected only the intermediaries; they did not touch any of these landlords in India who possessed unrestricted ownership rights. In the name of 'personal land' as much land as possible was allowed to be retained by the feudals. "The right to* Sir *and* Khudkasht *(i. e. home farmland) made zamindars resort to eviction of even occupancy tenants themselves on a large scale and claim it as their personal cultivation. Hundreds and thousands of acres have been thus affected in recent months."* (H. D. Malaviya : "Land Reforms in India" Page 452).

Sub-tenants of these lands, i. e., the actual share-croppers who were the cultivators of the lands, not only did not receive any benefit from this legislations, but in the majority of cases got thrown out of the land. A considerable number of actual tillers belonging even to the category of the middle peasants, who were dependent on those lands, were socially and economically degraded when the zamindars took over land for their personal cultivation. Evictions reduced the status of many of them into agricultural labourers.

Thus the abolition of zamindars in the main did not change the economic or social base fundamentally in India. Rather, as Gunnar Myrdal has said, "*Put bluntly, the answer is that the abolition of the intermediaries in India and Pakistan was not intended to give land to those who actually till it.*" (Page 1309).

Land Reforms Enactments

Land reforms in the bourgeois democratic revolution are to hasten the development of commodity production and capitalist revolutions in agriculture. Feudal land relations hinder the growth of the home market.

In India, the medieval character of landlordism, comprising various forms of tenant farming based on servitude and bondage, payment of wages in kind, permanent labour, food loans to labourer at exorbitant rates on enslaving terms, and quite a number of other innumerable medieval practices are prevalent all over. The mass of peasants crushed by feudal exploitation are being ruined.

The essence of land reform in India should amount to the break-up of the large land concentration in the hands of generally 10 per cent of the landlords and the creation of a free and hard-working peasantly capable of developing the productive forces and promoting the progress of agriculture completely free from medieval forms of exploitation by feudal landlords. Therefore, the big landed estates will form the basis of distributable land area along with the land of the temples, trusts, and the land maintained by the industries such as the sugar factories.

As Lenin has explained: "*The future is distinguished from the present by the incomparably greater 'equalisation' in ownership, that the new distribution of the land conforms far more to the 'labour principle'. And that is not accidental. It cannot be otherwise in a peasant country, the bourgeois development of which emancipates it from serfdom*". "*The idea of equality is the most revolutionary idea of the struggle against the old system of absolutism in general and against the old system of feudal landlordism in particular*". Therefore, the pivot of the struggle is the complete break-up of feudal landlordism which is the most conspicuous hindrance to the development of productive forces in India.

Do land reforms in India, as they are being implemented by the ruling class, conform to these characterstics? Of course not, even though the political leadership had vaguely talked about land reforms. In the post-war period of peasant upsurge, along with the extremely repressive methods adopted to drown the peasant struggle in blood, the bourgeoisie

and its government talked of ceiling on land, and distribution of land to the *'tiller of the soil'*. The policy of the *'carrot and the stick'* was adopted to divert the fighting masses and to drown their struggles in blood. Land reform committees were appointed. Their reports were published and discussed. Resolutions were passed—all temporarily to stall the agitation of the rural masses. All these measures were mainly adopted to save the rural landlords from the wrath of the peasantry by creating a situation for diverting them from agitation, and into believing the promises of the ruling party. And finally came the land ceiling Acts.

After giving innumerable exemptions for pasture land, garden lands, commercial cropping such as of sugarcane, and mechanised farming, and so on, the ceiling was fixed at extremely highlevels in such a manner that there would be no need for the government to implement the Act.

Even though I do not propose to analyse the whole gamut of land legislation, it would be necessary to understand a few important aspects. Let us take as an example the Andhra Land Reforms.

An author in a weekly from Delhi, discussing the ceiling Act of Andhra Pradesh analyses the ceiling clause as follows :

> *"A family holding has been fixed at 6 to 12 acres of wet land depending on the fertility of land, and the ceiling is placed at 6 times the family holding. Since each individual in the family can be termed as a family under the Succession Act, the ceiling for a five-member family comes to 180 to 360 acres wet. In terms of dry land it can be anywhere between 1080 to 2160 acres! All temple lands, lands under sugarcane, coffee, tea, rubber, and plantations attached to factories were exempted from ceiling."*
>
> (Mainstream : February 28, 1970).

As Gunnar Myrdal remarks :

> *"The impressive facade of parliamentary democracy cannot hide the fact that political participation in any meaningful sense is confined to small upper class groups"* (Page 776). This piece of land reform under the impressive facade of political democracy *"will be nothing but an innocuous piece of legislation to be dangled before the masses."* (Economic Weekly : March 19, 1960).

This one clause in the so-called ceiling Act will be enough to show the deceitful nature of the legislation.

Added to this, the administration representing the upper classes *"behave as if the Act was not meant to be enforced"* (Ladijinsky)—and the panel on land reforms of the Planning Commission says that *Revenue officials were unconsciously hostile in attitude"!*

Is at least the tenancy Legislation better? Even according to the Planning Commission report :

"The legislation has allowed unrestricted termination of such of those tenants who seek to assert their rights defined in the legislation..... Thus this piece of legislation has made tenants in general apathetic towards the rights conferred on them. On the other hand, landlords could evict tenants with ease for even minor delays in payments of rents....evictions were on a large scale.... Absence of record rights and of machinery to scrutinize, made the task of the Courts difficult to establish tenant-landlord relationship even when some tenants braved to fight in the courts..... Thus the provisions were rendered ineffective and the desired change was not achieved".

The effectiveness of these two pieces of legislation is evident even to the government. Why should any one be surprised at the immensity of the growth of agrarian unrest in the country? Rural tensions are growing, and armed clashes are a common feature all over the country. Cases of Harijans being murdered in villages over land disputes all over the country have become a common news even in the daily Press which rarely reports such incidents. The stranglehold of big land-holders on rural life has increased with the advent of Panchayat Raj, since their economic hold on the villages has been reinforced with political power even at the village level.

Gandhi has said that "*a violent and bloody revolution is a certainty one day, unless there is voluntary abdiction of riches and the power that the riches give*". Voluntary abdiction is a dream of the innocent, or the deceitful propaganda of the clever. History has proved that violent and bloody revolution is the only way to get out of this rut of chaos.

The Union Home Ministry's note on the current agrarian unrest has characterised it as follows:

Speaking about the tribal unrest, it says that "*the basic cause of unrest—namely, the defective implementation of laws enacted to protect the interests of the tribals—remains; unless this is attended to, it would not be possible to win the confidence of the tribals whose leadership has been taken over by the extremists..... The tensions in the rural areas, resulting from the widening gap between relatively few affluent farmers, and the large body of small holders, landless labourers, may increase in the coming months and years. A bad agricultural season could lead to an explosive situation in the rural areas*".

The situation in the country was deteriorating fast. The above note by the Home Ministry was sent against the background of large-scale unrest in Bihar, West Bengal, Uttar Pradesh, Andhra Pradesh, and some other states, where a large number of clashes have taken place between landlords

and the impoverished peasantry and landless workers. The situation in some parts of Andhra and Bihar at that time was reported to be critical—faced with violent attacks, murder, and arson, organised by the landlords, the rural masses "*are on the verge of resorting to armed action .... In the first eight months of 1969, the number of people killed mostly Harijans, was larger than those killed in communal riots.*"(Link: November 6, 1969).

The same issue of Link reports a gruesome mass murder of tenants in an attempt to dislodge them from the land even after the government had recognised the occupancy rights and after over 90 per cent of them received concerned documents. Link reports: "*In the course of the struggle for the land, armed attacks by the landlords are not uncommon in Bihar, but there has been nothing so far to compare with the brutal attack on Umartur Diara peasants near Buxar on U. P-Bihar border. On October 31, 1969, Babus (landlords) of Narhi, Ballia District in U. P.) at the head of an organised mob of about 300 persons, armed with lathis, spears, guns, and other weapons, attacked share-croppers working in their fields in broad daylight, and killed 10 persons on the spot and seriously injured 11 others, of whom one died in the hospital.... . While retreating they dragged the bodies, some of them still alive, several furlongs and burnt some huts of the cultivators. So far only 4 bodies including the headless body of Shia Dahin a local S. S. P. worker has been recovered. The bodies of Sri Ram Gond, a C. P. I. worker, and five others are still untraced.*" (Link November 6, 1969).

It was under such growing landlord terror all over the country, and under the inspiration of Naxalbari peasant armed struggle for land and liberty, that the militant land occupation movements by the rural poor, the struggles of agricultural workers, widespread agitation by tenants, the militant struggles of the tribal people against exploitation by moneylenders and landlords in various parts of the country — in Bengal, Bihar, U. P. and Andhra Pradesh—and "*Armed action of the Naxalites and communist revolutionaries have all served to highlight the seriousness of the problem*" (Link, February 1970).

The deceptive slogan of 'Garibi Hatao' was coined by the ruling party at this time. Innumarable Chief Ministers' conference were held to discuss this problem, with the result that unheard-of, severe, repressive measures were adopted against the peasants and revolutionaries to save the landlords from the righteous retaliatory anger of the peasants. It is evident that, except for the coining of a new slogan for the temporary diversion of the people from their growing anger, nothing tangible has taken place.

The old slogan of intensive cultivation, mechanisation of agriculture, leading to '*green revolution*' continues to hold the field.

Lenin has explained that the transformation of agriculture from feudal to capitalist can take place in two ways :

"The pivot of struggle is the feudal **latifundia,** *which is the most conspicuous embodiment of and the strongest mainstay of the survivals of serfdom in Russia. The development of commodity production and capitalism will certainly and inevitably put an end to those survivals. In that respect Russia has only one path before her—that of bourgeois development.*

"But there may be two forms of that development. The survivals of serfdom may fall away either as a result of the transformation of landlord economy or as a result of the abolition of the landlord **latifundia,** *i. e., either by reform or by revolution. Bourgeois development may proceed by having big landlord economies at the head, which will gradually become more and more bourgeois and gradually substitute bourgeois for feudal methods of exploitation. It may also proceed by having small peasant economies at the head, which in a revolutionary way, will remove the 'excrescence' of the feudal* **latifundia** *from the social organism and freely develop without them along the path of capitalist economy."* **("Agrarian Programme of Social Democracy"** Page 239).

The big bourgeois landlord government in India has taken to the path of gradual transformation of landlord **latifundia** into bourgeois economy, with all its plans for the supply of better seeds, fertilisers, use of pesticides, mechanisation of agriculture, extensive funnelling of state loans into the landlord economy. With the help of immense aid from international finance and Soviet revisionism. As Lenin has explained, this slow evolution ***"into bourgeois-Junker-landlord economy ..... condemns the peasants to decades of most harrowing expropriation and bondage"*** **(Page 239, I bid).**

This is what we are witnessing in our country today. The excruciating pain which the rural economy today is undergoing—the forceful eviction of small peasants and tenants, the growth of concentration of land, increase in the number of agricultural labour, the growing hegemony of upper-castes over lower castes—are all symptoms of this growing disease; ***"The evolution is the transformation of feudal bondage into servitude and capitalist exploitation on the land of feudal landlords."*** **(Lenin, Page 239).**

He further enunciates that this ***"implies the utmost preservation of bondage and the serfdom*** (remodelled on bourgeois lines), ***the least rapid development of the productive forces and the retarded development of capitalism; It implies infinitely greater misery and suffering, exploitation and oppression for the broad masses of the peasantry, and consequently also for the proletariat."*** **(Lenin Page 243).**

Therefore, no communist can support this kind of evolution of feudal landlordism. Our task is to firmly oppose it by supporting the fighting peasantry for the total liquidation of feudal landlordism.

Indian Big Bourgeoisie-Landlord Government Strengthens Landlord Base

Every concrete step taken by the government has strengthened the landlord base in the countryside.

The first important step taken by the government to transform the rural panorama was the historic Community Development Project plan in the early 1950's — hailed by the late Jawaharlal Nehru as a revolutionary step. The Community Development Programme, hailed by Nehru as "*the dynamo providing motive force for the succesful implementation of Five Year Plans*" was initiated with great enthusiasm and fanfare, with the intensification of building of roads, minor irrigation, elementary ebucation, and development of credit co-operatives. However "*they seldom reach the board strata of the population but benefit instead the land-holding class and the moneylenders.*" ("Asian Drama", page 871). An emphasis was given to the co-operative movement to help the agriculturist to develop his resources for fuller utilisation of land and to produce better results. But again the result was to strengthen the landlord economy.

As John Lewis in his "Quiet Crisis in India" states:

"the result, typically and plainly, has been to lodge the village co-operative in the hands of the same privileged village cliques that have been doing most traditional money lending and trading. By insisting on the pretence of indegenous origin, the forces of reform have surrendered the co-operative instrument to the management of the very groups most inclined to resist massive rural reconstruction. In the process, the primary co-operative society has tended to become simply another device for reinforcing the pattern of rural privilege — with the comfortable new feature of a direct line of credit on the Reserve Bank of India." (page 164).

Whereas the big cultivators are provided with this channel of securing credit at a concessional rate to increase his field of activities, to amass further wealth and profits, the poor and small cultivators are being left free to pass on into the octopus grip of traders, moneylenders and landlords. What wonder, then, that this much advertised co-operative movement further increased the growing discrepancies in income and make the rich richer and the poor poorer.

Danial Thorner, who had "the unusual opportunity of visiting 117 co-operatives of various types scattered throughout all the states of India," in his field report "Agricultural Co-operatives in India", remarks that "In general, I found that hearts of co-operatives were the big people of the villages and that they had their fingers in many other pies as well as co-operation." (page 3).

He gives the instance of co-operative, joint farms functioning "as a one family shows, operated mostly on family land by one of the landlord

families of the village". He produces the case of a multi-purpose co-operative, in which "half of the outstanding short-term loans (Rs. 95,000) out of a grand total of Rs. 1,91,000 had been made to only 11 members." (page 4) He talks of Nellore district which provided "the most flagrant example of large landlords using their position in the co-operatives to further their own power and interests." (page 5). His field report makes it clear that "Soukari (moneylending), Sarkari (government), and Sahakari (co-operation)" are co-operating with each other with perfect co-ordination. He reports that "the cultivator, who also does some moneylending, figures prominently in co-operatives in Baroda, Saurashtra, Hyderabad and Rajasthan. The trader-cum-moneylender is found in societies in Saurashtra, Mysore, Nilagiris, Nellore and Kashmir. The formidable combination of cultivating moneylender-cum-trader dominates the scene in Mysore and costal Andhra." (page 8).

Therefore, "in a country where social change is the determining factor for economic progress, mere institution of co-operative services shall hardly remedy the situation. It may even help perpetuating the status quo. In such circumstances, the cover of co-operative organisation may even accelerate the process of polarisation — the rich becoming richer and the poor relatively poorer." (page 34).

Co-operative credit has become the handmaid for the diversification of the activities of the village rich in the countryside. "*A series of developmental programmes on the countryside provides the big cultivators with oppertunitiet to take governmental contracts*" and other diverse activities. "*It has been feared that the cheap co-operative credit, the bulk of which percolates into the hands of this fortunate big cultivator is being mis-utilised for either of these purposes — trading in foodgrains, taking governmental contracts, and lending for trade and commerce purposes.*"

(Economic Times April 21, 1966).

Thus the government, through co-operative credit, panchayats, samitis and parishads, so-called developmental programmes, and various other loans in crores of rupees for the mechanisation of agriculture (for tractors, bulldozers, oil and electrical pumpsets, etc.) is feeding the village landlords to increase their share of wealth and income, to increase the disparities in the countryside faster than ever.

With all the tall talk of land reforms and its innocuous land ceiling legislations and tenancy Acts, no democratic land reforms have been implemented by the Congress government in its long tenure in office for the last 23 years. Practically on change in land relations has taken place, except that with vigorous implementation of Panchayat Raj' co-operation institutions, loans for tractors and other agricultural machines, etc., the political and economical strength of the landlords has been further strengthned in the rural economy.

The unchanging relations that continue to exist can be clearly noticed from the following data pertaining to three periods

Holding Size	1924*		1939**		1961**	
	Percentage of Population	Area	Percentage of Population	Area	Percentage of Population	Area
Under 5 acres	58.3	12.1	63.7	12.2	55.8	11.8
5 to less than 10 acres	18.4	15.1	16.9	13.1	19.0	14.5
10 acres and more	23.3	72.8	19.4	74.7	25.2	73.7

Note : *"Agrarian Reforms in India", G. Kotovsky (page 12).

**According to Census Statistics, Economic Times, July 16, 196

With very minor changes, the situation has not changed so far as the concentration of land in the rural areas is concerned between 1924 and 1961.

A large part of the arable land is concentrated in the hands of the small upper crust of the peasantry and the bulk of the peasant families are bankrupt.

In 1951, the first Agricultural Labour Enquiry Sample Survey of Land Holdings, showed that holdings of 5 acres and less made up 59.1 per cent of the total holdings comprised 15.5 per cent of the land, holdings of over 25 acres made up only 5.6 per cent of the total holdings and comprised 34.4 per cent of the land.

These data on the distribution of land among the different groups of farms reflect the profound process of class differentiation which has gone deep among the Indian peasantry.

Another analysis of the data, contained in the census of population and sample survey conducted in 1951-52 by the Ministry of Labour, showed that agricultural labourers and members of their families comprised 36 per cent in 1951.

The National Sample Survey, 16 the Round, conducted between June 1960-June 1961, reported that the topmost 10 per cent of the agricultural population held 56.2 per cent of the land as was reproduced in **Economic Times** of February 17, 1966.

According to the Survey, 30 per cent of the lower rurg of the Agricultural population hold 0.1 percent of the land.

The next 10 per cent hold	0.6 per cent of the land.
The next 10 per cent hold	2 1 per cent of the land.
Hence 50 per cent hold	2 8 per cent of the land.
The next 10 per cent of the agricultural population hold	4.7 per cent of the land.
The next 10 per cent hold	6.9 per cent of the land.
The next 10 per cent hold	11.0 per cent.
Hence 30 per cent hold	22.6 per cent of the land.

Therefore, 80 per cent of the agricultural population hold about 25.4 per cent of the land. The next 10 per cent of the agricultural population hold 19 per cent of the land. The topmost 10 per cent hold 56.2 per cent of the land.

It is this topmost 10 per cent of the agricultural population who have the lion's share of all the benefits of the Congress Government's economic policies during the last three Five Year Plans. It was for that reason that the income in the rural sector is increasingly more disproportionately distributed. It was also for the same reason that, even the bourgeois professors recognise that "*the eternal help artificially injected into the countryside—in the form of co-operative movement, marketing and*

agricultural finance—" could not change the face of the village, nor could it succeed in creating those....forces which could create a democratic base in the countryside. On the other hand, these policies have made the rich richer and the poor poorer. (V.B. Singh, "India Yesterday and Today)."

Therefore, it is clear that every step that has been taken in relation to land reforms has only aggravated the situation.

On the basis of recent studies conducted in India and in other countries where the green revolution has become the vogue, U Thant, United Nations Secretary General, points out :

> *The Green revolution is likely to benefit primarily those farmers who are already engaged in commercial production rather than small farmers, and among commercial farmers, big ones more than small products....there is a possibility that small farmers may gradually be squeezed out of the market by big producers and that Tenants may be evicted."* [*Citing an Indian study of the Green revolution he says*] *"A relatively few persons, not more than 20 per cent of the farm households in Punjab benefited by the Green revolution. The study also mentioned the burden of taxation there, not to speak of land values spiralling, rents going up and conditions of tenants no better if not worse.*

In his presidential address to the Congress session at Bombay, Jagjivan Ram, then Union Minister for Food and Agriculture, focussed attention on the extremities of land concentration. *"There has been a breakthrough in agriculture. Arrangements for public allocation of inputs and credit have considerably improved. But the beneficiaries are not those who are living on a pittance of a few rupees a month, but the privileged minority of substantial and middle cultivators. With 41 per cent of farm families owning only one acre of land and 22 per cent having no land at all, with 3 to 4 per cent of big cultivators enjoying all power, wielding all influence, making all decisions in collaboration with the government machinery and appropriating to themselves all the skill and resources, the expertise the government agencies offer, the poor half of the villagers have little to thank anybody for."*

These sympathetic vibrations from the ruling party are expected to give Indira Gandhi and her coterie a progressive facade to lull the people into inaction and to the revisionists a ground for full-fledged and open declaration of support to her and her party in power. Having been incessantly talking about the growth of poverty and the necessity for land reforms, a plan to import thousands of tractors as a loan from I.D.A. for distribution to the landlords is the double faced and deceitful programme of Indira, and company.

It is clear that the big bourgeoisie landlords government is incapable of and is not interested in *'land to the tiller'*. This type of development which Indira Congress is implementing in India was called by Lenin *"Land lord bourgeois revolution"* which is *"adopted solely to the interests of the*

landlords", giving them *"freedom to plunder the village communes, to forcibly expropriate the masses, to round off their plots, to evict poor peasants, to undermine the very foundations of the life of entire village,"* etc. (Page 278). This type of landlord bourgeois revolution, as against the total liquidation of landlordism, was inevitable even in the epoch of strongly developed capitalism. *"In such an epoch, this bourgeoisie, in the mass, is inevitably counter-revolutionary."* (Page 321).

In such circumstances, Marxism must resolutely combat the view that a radical agrarian reform is possible without a radical political revolution. Such a peasant agrarian revolution can become a reality only by advocating, preparing and organising of it on a nationwide scale, by explaining consistently to the peasantry that unless the revolutionary classes conquer political power, land to the tiller is an impossibility.

If the revolutionaries believe in supporting the revolutionary actions of the peasantry and in the confiscation of landlords' lands, then they must seriously think about organising the masses for those actions. As Lenin says, *"the peasantry cannot carry out an agrarian revolution without abolishing the old regime, the standing army, and the bureaucracy, because all these are the most reliable mainstays of landlordism, bound to it by thousands of ties."* (Page 349)...."*Needless to say, a radical political revolution is difficult, but so is an agrarian revolution; the latter is impossible apart from the former, and it is the duty of the socialist not to conceal this from the peasants, not to throw a veil over it, but to speak out, to teach the peasants that unless they go the whole way in politics it is no use thinking seriously of confiscating the landlords' land."* (page 350)

Growing Concentration Of Land

The experience of history is that, whenever the people are in a fighting mood to achieve their democratic programme, capitalist parties have been willing to become *'socialist'* as long as they could uphold the privileges of the exploited class—in our own country the imperialist compradore, and the landlord—and their unlimited power over the people.

It was at the time of the Telengana armed peasants' revolt in Andhra, Tebhaga struggle in Bengal, and Warli uprising in Maharashtra, that the question of Bhoodan and land reforms were brought to the forefront by the bourgeoisie. It was gain in the immediate wake of Telengana armed uprising of the peasants, at the time of mid-term elections in Andhra, that the bourgeoisie proclaimed their deceitful programme of 'Avadi socialism'.

It was again during the first communist ministry in Kerala, that co-operative farming became the *'slogan'* of the ruling party to divert the attention of the fighting masses.

Now, again, in the midst of armed uprisings of the peasants, beginning with Naxalbari and Srikakulam, when the question of land had been again brought to the forefront due to thousands of fighting peasants

coming forward to forcefully occupy the lands in East Godavari, Mushahari and Terai regions, that the rulling party came forward again with the slogan of *'land reform and land to the tiller'*.

To proclaim land reforms and distribution of land to the tiller as the policy of the government, on the one hand, and to implement policies which encourage the greater concent ration in the hands of the 10 per cent rich village landlords, on the other, has been the nefarious and disgustingly deceptive method adopted by the government all these years.

As Economic Times in its editorial *'Farming and Progress'* (January 3, 1970) points out :

> *"The keynote of the present agricultural strategy is to concentrate on specific areas with a package programme. The green revolution which we are now witnessing is the result of the success achieved by this new farm strategy and one direct consequence of this has been the transformation of the farm economy from subsistence to profitable business. Some studies already undertaken have shown conclusively that, in the initial stages at any rate, the benefits of the new technology have gone to those who can command resources for investment to exploit the new opportunities. By the same token, the small farmers and tenant cultivators, though they may be willing to adopt the modern technology, have not been able to benefit to any extent because of lack of sufficient capital to invest in the new package of inputs. Mr. Jakhade, (in his presidential address to the All India Agricultural Economics Conference) quoted a research study to show how, in Punjab, the bigger farmers have found in the purchase of land a very lucrative source of investment,* no matter what the ceiling legislation may say. *Thus land owned by bigger farmers increased between 1953-56 and 1967-68 by about 9.5 per cent.... Farms of the size of 20-25 acres expanded by only 4 per cent, whereas those of the size-groups 100-150 acres increased by about 40 per cent.....It is, therefore, easy to see how this tendency will aggravate social tensions unless land reform measures are implemented with vigour and expedition.*

The green revolution has given birth to a host of social problems. It has aggravated the economic plight of the scheduled castes who constitute the bulk of the rural poor. The gulf between the rich and poor has widened. It has released some social forces which may lead to the destruction of landlordism itself. In one of the recent Chief Ministers' conferences, Mr. Y B. Chavan, the then Union Home Minister said : *"The warning of time is that unless the green revolution is accompanied by a revolution based on social justice, I am afraid the green revolution may not remain green "* The green revolution, in the very method adopted at present, is bound to give birth to social tensions.

Wiesmann, writing in the May 1970 issue of Ramparts, the American radical monthly, drew a startling picture of how the green revolution "was wished on India to promote American *business interests*"

He poses the question, "*How long the revolution will remain green*", and answers the question himself.

"The real disaster", writes Wiesmann, "*is more immediate commercial agriculture, by definition is produced for profit, not people. At the same time, the new seeds required irrigation and pesticides, and heavy inputs of fertilisers, the costs of which soared.....Those who have not the capital or cannot get credit from village moneylenders or meagre government programmes* are pushed out of their lands into agricultural proletariat or worse, *while the new kulaks, the peasant capitalists, reinvest their profits in modern labour-saving machinery.*'

The tenant, too, has become economically weaker. The green revolution has been responsible for adversely affecting his position in two ways.

First, the landlords are now demanding *higher rents* because of the increase in the productivity of the land. As the tenants' bargaining power is weak, even though the tenant is not in a position to compete with the big farmer in increasing the produce from his land as he cannot afford to induct improved farming practices, he is unable to resist the landlord's demand for higher rents.

Secondly, absentee landlords, whose interest on land was earlier confined to whatever rents could be obtained by leasing of lands, were *induced to personally to resume the land from the tenants.*

Mr. Francine Frankel, who made a study of the impact of the new strategy in agriculture in Ludhiana, observed; "*there is little doubt that the position of tenats has become more difficult as a result of the green revolution.*"

With the advent of the green revolution, with the immense amount of finance being funnelled by the government into the coffers of the landlords in the name of the increasing production, concentration of land in the hands of landlords has been growing. Even though there has been a lot of talk about the distribution of government land to landless peasants, the truth of the matter is that the land is more and more being occupied illegally, surreptiously by politically powerful and economically dominant groups in the country. A few examples would serve the purpose.

'*Land Grab by Ministers*'–*Blitz*: December 12, 1970.: Rajasthan: Sukhadia Owns Durga Nursery, 40 bighas, with a magnificant bungalow in its confines. He has acquired another chunk of 200 bighas along the Rajasthan Canal. Owns a farm of 85 bighas in Suklapur village, seven miles from Jaipur. The biggest Raghunathpur farm has been acquired in the name of his wife, Indubala Sukhadia, and her brother Dinabhai,

He possesses a farm of 40 bighas at Badi, near Udaipur. He has gifted a farm of 55 bighas four miles from Jaipur to his son-in-law, Manha Lal Goel.

In Jaipur City, Ajmer Road has been turned into a minister's farm exhibition road.

(a) Along this road, the first in the series is the 38-bigha farm of Hardeo Joshi, Minister for Industries.

(b) Next comes the 60-bigha farm of Law Minister Barkatullah Khan.

(c) The third is the farm of Social Welfare Minister Amrit Lal Yadav.

(d) The fourth is the 50-bigha farm of state Minister, Mapphool Singh, who also owns a chunk of 150 bighas grabbed by him in the Rajasthan Canal project area, in his native Ganganagar district.

(e) Housing Minister, Bhikha Bhai also owns a 50-bigha farm along this road.

(f) Yet another Minister possessing a 20-bigha farm in the exhibition colony by the side of Ajmer Road, is Brij Sunder Sharma, Health Minister.

"*Land Grab in Andhra by land-hungry Ministers*', *Blitz*, September 10, 1970, gives an interesting list of land owned and occupied by some of the cabinet ministers of that period.

(1) Deputy Chief Minister, Mr. J.V. Narasinga Rao, heads the list with a family holding of 1,140 acres, in his home district of Adilabad, and other places.

(2) Ramalinga Raju has a joint family holding of 1,120 acres of fertile East Godavari land and "is a custodian of thousand acres of temple lands as a tenant on long lease."

(3) Purushotham Reddy, Minor Irrigation Minister, has a holding of 700 acres in Nalgonda district. He is making frantic efforts to legalise his holding of 500 acres of government waste-land in Addaguduru village on the plea of exchange with his own land.

(4) Three thousand acres of fertile Lanka Land has been illegally occupied by Raja of Challapalli.

The land ceilings Act has given immense concessions to landlords by exempting vast tracts of land under sugarcane cultivation, gardens, seed farms, grazing grounds and temple lands from the scope of the Bill.

A few more instances of land occupation or allocation to influential big landholders, retired civil servants, military officers, and so-called '*political sufferers*' in the rich area of Nainital and Lakhimpur districts of U.P. will shock any one who has little bit of decency in him.

(1) In Nainital area, the Prayag Farm has over thousand good acres and another over 2,000 acres. The proprietor of Prayag farm is reported to have links with a number of business concerns.

(2) A retired army general has been given 1,500 acres of land.

(3) A retired Lieutenant Governor has a farm extending over 1000 acres.

(4) A high police officer has a farm of 500 acres and so has an I.A.S. officer.

The land ceiling Acts have served no purpose

To deceive the people the Congress governments in all the states have passed what are known as land ceiling Acts, but in no state have they reduced the concentration of land in the hands of the land-lords. The old zamindars, the rich feudal landlords, even today own thousands of acres of land in their position. Every ceiling Act has provided several exceptions in the name of orchards, dairy farming, livestock breeding, sugarcane growing, etc. In our own province, no big zamindar of the status of Challapalli Raja or feudal landowners of the status of Dorigallu Venkataranga Reddy have lost even a cent of land. From the information we have with us, let us peep into a few cases of continuing land concentration in some of the other provinces

In Tamil Tadu, the exemptions from the Ceilings Act include charitable and educational institutions, universities, any trust, co-operative, industrial and commercial undertakings, land in hill areas, plantations, land used for orchards, topes or arecanut gardens, land used for growing trees, garden lands, land used for dairy farming, and livestock breeding, land used for sugarcane growing, grazing land etc.

(a) One of the biggest groups of land owners in Tamil Nadu is the trusts, of which there are as many as 8,251. The government is yet unable to tell exactly how much land these trusts have, but an idea of their holdings can be had from the fact that one trust alone, Dharmapuram Mutt, holds 72,000 acres of land.

(b) **For dairy and livestock breeding,** the former Congress Minister Nallasenadhipathi Chakkarai Manradiar, alone, has been given exemption of 896 acres in Coimbatore district. His application, for exemption of a further 847 acres, is pending. Annoor Sambandha Chakkarai had been exempted 1,190 acres.

(c) **In sugarcane growing land,** Thiru Arooran Sugars Ltd., alone, has been given exemption of 14,473 standard acres. Cauvery Sugar and Chemicals of 644 acres.

(d) The hill area lands are all exempted, whatever crops are raised there, and in this category are included plantations in 13 42 lakh acres.

(1) Birlas have extensive landed interests in Tamil Nadu. They bought Nine Valley Tea Estate in Nilgiris from Bajorias, who had got it from one of the Mysore Ranis on a nominal price. The total estate area is 32,000 acres out of which 18,000 acres are under tea and 3,000 acres under coffee. Still, about 11,000 acres are lying fallow. Birlas have another estate

of 1,200 acres near Shoranur—besides 3,000 acres of bamboo forests on the other side of the Nilgiris.

(2) The Pandiyah Plantations officially own just 200 acres in the Kandamanyakamoor forest area, but the total area illegally held now is more than 10,000 acres.

(3) S.A.S. Lakshmana Chettiar, owner of South Travancore Plantation Ltd., illegally possesses 600 acres of forest land near Ponmani village in Kanyakumari District.

(4) The D.M.K. leader, and chairman of the Nagarcoil Municipality G. Christopher has title deed for only 90 acres of land whereas he at present occupies about 300 acres.

(5) Swatantra Party leader Matyas, owner of Palmoor Estate, has illegally occupied 200 acres of land in Virapulli reserve forest areas.

(6) One, Ganga Naidu, bought from the former Zamindar about 3,000 acres of land in the Hill area near Varshanad in Madurai district. He evicted all the tenants from this land and is now occupying nearly 6,000 acres.

A few examples cited from Bihar state would be enough. It is difficult to estimate the amount of land that Darbhanga Raja holds under his occupation. It was reported in the Press that one farm, alone, is of 600 acres.

One Gajendra Narain Singh owns 800 acres of land. Yashwantha Kumar Choudhary has illegally occupied 200 acres of agricultural land. Two Mahants in Bihar—Mahant of Boch Gaya and Mahant of Boudouli own 10,000 acres and three thousand acres of land, respectively.

It is not only the landlords who own thousands of acres of land in our country. Even the industrialists have there eye on the land. One instance will be enough to show the way in which these industrialists have begun to grab the land and become agriculturists. The following few instances of the Birlas' land empire will show why industrialists in India are against land reforms.

(1) At Almai:

(a) 1,200 acres: given by Government for factory purposes.

(b) 800 acres: private land acquired by the government for the Birlas.

(c) 400 acres: purchased by Birlas from villagers at throw-away prizes.

(d) Besides these 2,400 acres, there are *1,600 acres of forest land given to them in the name of agricultural research institute.*

This brings the total to 4,000 acres.

This is not the end of the story. There is what is known as the *'bamboo empire'* of the Birlas. A most profitable of Birlas business in the forest

wealth of Shahdol, Sidhi, Rewa and Satna areas, which comprised the former Vindhya Pradesh. Vast forest areas were granted in 1954 for 20 years at Rs. 6.50 a ton. In 1956, when the new state of Madhya Pradesh came into being, the lease was further extended by another 10 years at the rate of Rs. 7 50 per tonne

Even though the lease of these bamboos was meant only for Orient Paper Mills at Amlai (which started production only in 1965), the Birlas started cutting bamboos to supply to their paper mill at Brajarajnagar in Orissa, The market rate of bamboos during this period was Rs. 60 at Rs. 80 per tonne. One can imagine the amount of money, minted by the Birlas in the deal.

Birlas are notorious for their capacity to evade taxes. The interim royalty for bamboos due to the government has now reached the fantastic figure of Rs. 1.5 crores. And there is no indication of the government moving for its recovery.

Grab the land with the Government, connive, lease forest wealth at the cheapest rate, evade payment of royalty to the Government—marvellous achievement of patriotic profit !

(2) At Thimmapur, there is the Birla farm of nearly 500 acres on the outskirts of Hyderabad city—at Thimmapur 22 miles on Mahaboobnagar Road.

(3) Birla have a farm in Phulwari Sharit, near Patna. Share croppers who had been cultivating it were evicted by the Birlas in 1970.

(4) Birla's Omali Estate is nearly 3,200 acres, held in the name of tea plantations in Nilgiri District of Tamil Nadu.

(5) The Birla farm at Ropar, Punjab, is a 1,000 acre farm at Ropar. It was leased out to the Birlas at a nominal rental of Rs. 30 per acre. Of the 1000 acres leased out nearly 656 acres belowed to 182 small farmers.

(6) Pipara Farm owned by the Birlas in the name of Gudh Sugar Mills, occupies 4,000 acres, of which 3,200 have been declared surplus under the ceiling Act but not taken possession of by the Government of United Provinces. This farm has encroached upon 300 to 400 acres of *gaon* panchayat land.

This is not the end of the story of Birla's land empire—though it is enough for the present to show why the Birlas are not for Land Reforms.

Finally, let us look at one of the examples in relation to colonisation schemes which the Congress government have been implementing in various parts of the country, to understand how government is providing all facilities to the land-hungry monopolists, landlords, and high officials, to grab the land as possible and in the most fertile areas.

The colonisation scheme in Terai area in U. P. was formulated by the British Government during the second world war. This scheme was

meant exclusively for the settlement of the Pahari soldiers being within their ancestral homeland.

The Central Tractor Organisation went into action, and an area of four lakhs of acres of virgin fertile cultivable land was cleared of age-old impenetrable thick forests. But the original scheme of planned settlement of the Pahari-jawan and the needy poor remained on paper.

As P. C. Joshi, in National Herald of June 14, 1970 pertinently reveals: "What took place was just loot and grab, unmindful of official policies, in contravention of existing laws, and all this with the aid and connivance of pliable or corrupt officials and encouraged by ministerial leaders to whom nothing mattered except power, patronage and *'chanda'*.

(1) Fairly easily, and quite soon after Independence, high military officers, mostly from Punjab secured large land allotments. Here are a few instances of such *'land grab'*.

(a) Major General chimal, approximately 4,000 acres.

(b) Colonel Lal Singh of Patiala, approximately 300 acres.

(c) Air Marshall Arjun Singh's family, approximately 1,000 acres.

(d) Major Sandhu, former director of the Terai colonisation scheme, approximately 200 acres.

(2) If the retired military officers could so easily become big farmers, how could the civilians keep back? A large number of the U. P. government Secretariat, at Lucknow, have managed to grab farms in the Terai, in the name of some one or the other in family. From the police, there are I. G. P.'s, S. P.'s dy. S. P.'s in plenty, and any number of collectors, dy. collectors, right down to tehsildars.

(3) Local top officials filled the gap. For example:

(a) Former Commissioner of Kumaon Bowra's wife and brother got a farm in Bazpur area.

(b) Former Nainital Dy. Commissioner, Ramrup Singh's son and others a farm near Kichcha.

(c) Former transport commissioner, cane commissioner, registrar of co-operatives Chaurmani's family, got a farm in Khatima.

(4) Even foreign missioneries have secured farm allotments in the Terai which is part of our border region. They have made Terai their base and started farms, ostensibly for social service, but really to keep a-live contact with their agents in Nepal and collect as much information as possible about our defence position in the area.

(a) Right on the Indo-Nepal border, between Tanakpur and Khatima, where we too have our military base,

the US missionaries have two 'pointer' and 'strange' farms. Tankpur is the main h·ad for supplies to the defence outposts up above on the Chinese border.

(b) In Bazpur, an Italian father has a 600 acres farm in the name of running a school and near it there is another missionary farm.

(c) In the midst of thick forest, away from the main road, between Fatehpur and Patwadnager, there is a Catholic Church in Loshu Chant. There are hardly any people around to listen to the message of Jesus, but it is an ideal, isolated spot for clandestine, conspiratorial, nefarious work.

The article in National Herald of June 21, 1970, pointedly remarks that "if these foreign missionaries' farms are plotted on maps, they make a tell-tale chain".

(5) Among Sugar farms, Escort Farm and Prag Farm are the two foremost farms belonging to sugar mills, occupying thousands of acres. Prag farm, alone, occupying more than 6,000 acres, is constantly expanding its area in the name of cane production. This process of land grab which began in a small way in 1949 has been growing from year to year; these agressive intruders have literally forced their way in, occupying all the fallow land they can and also seizing the existing small farms of the local people who could be bullied and terrorised.

.٩ .٥ Other than the sections already mentioned, the following groups of people too have extensive lands in these hill regions.

(a) Scions of feudal families came to have independent farms of their own.

(b) Contractors of Chandigarh, Delhi, and other big Punjab towns, to turn their plentiful black money into legal tender and thereby become respectable farmers.

(c) The land-hungry Punjabi Jat also readily came to grab an independent, bigger, plot in the Terai.

"The first task of the settlers was to deprive the simple, resourceless tribal cultivators of their small patches of land. Then they started to clear the forests with the help of cheap labour recruited from among the local landless labour. The timber from the forests brought them rich gains. The big farmers and companies, started large-scale *'scientific'* farming."

The following single instance gives the story of the entire area :

Among the land-grabbers in the area is a big farming company. The company had a knight of the British empire as its chairman, an honorary colonel of the army as managing director, an Minister of Punjab, a retired military officer and relatives of some top Punjab government officers as directors.

The company took about 10,000 acres of land on lease from a talukdar and started clearing the forests with hired labour. Half of the land thus leased out was redistributed among the heirs, and relations of the directors and new leases were obtained. When the ceiling Act came, equally big chunks were transferred to its share holders and their relations.

A number of complaints were made about these happenings to the District Magistrate, the Commissioner, the Board of Revenue, the Revenue Minister, the Chief Minister, and other high officers of the U. P Government; but so far no action has been taken, apparently because the directors and shareholders of the company are influential persons. Their influence at various levels of the administration in the state is revealed by the fact that about 80 acres of forests taken over by the forest department were restored to three daughters of one of the shareholders against the usual practice. The person concerned happened to be a high officer of the Punjab Government.

When such are the actualities, "the scare of Naxalbari type of revolt by the peasantry of U. P. is being raised by the supporters of the vested interests and those who want to suppress the poor trying to assert their rights. Recently, again, there was talk of 'Naxalbari' in the eastern districts of the state. What in fact had happened in the area were some feeble attempts by the landless peasants to occupy unoccupied land for cultivation. This was resented by big farmers. It not only created fear that an inquiry might reveal their own illegal seizures, but might also deprive them of the cheap labour they get by keeping large sections of the population landless. **The big farmers, anticipating police support, were the first to attack the landless. When the latter retaliated, the police rushed to establish law and order and forestall Naxalbari, by evicting the landless from the land they had occupied.** The police went through the usual routine of beating the landless, burning their huts, arresting them and prosecuting them under various charges of a serious nature."

Landlord gangsterism all over the country has grown in intensity. We have seen in general how land concentration is growing in the country. Illegal land occupation by the landlords and the powerful has been not only condoned by the Government, it has helped to legalise the illegal occupation. We have also noted how government loans to the landlords and the implementation of panchayat raj has helped the landlords to become more powerful than they were in the past.

Meanwhile, a—government, which calls itself democratic and proclaims its aim to be the establishment of socialist pattern of society, has been leading peasants by the nose for years and deceiving them by promises and delays.

A vast majority of the peasants, through memorandums, demonstrations, conferences, and every available legal means, have loudly and clearly

proclaimed that landlordism is an injustice and robbery. Various land reforms committees, beginning with the Kumarappa Committee, have reasoned and declared that land distribution is the foundation for further progress of our economy. Ministerial pronouncements have been continuously promising land reforms in the interests of landless peasants, tenants, and small farmers.

Yet, where ever the peasants have agitated for land and against the illegal occupation of land by the landlords, both the government and the landlords are using all brutal methods to terrorise the people into submission. Even Dr. V. K. R. V. Rao is said to have stated that tenants and agricultural labour "in certain states were being treated just like negroes in South U. S. A. If they claimed any title to the land they were tilling, they are being beaten." (Economic Times, December 27, 1969).

Landlords have become brazen enough to use even lethal weapons, like guns, against the peasants and agricultural labourers. The government, instead of taking any legal action against the landlords, has on the other hand unleashed unheard-of terror against the mass of the people. Some thousands of tenants and landless peasants have been arrested and brought to trial. Revolutionaries are arrested in thousands, most often without any charge. Majority of them are not even produced in court for months, but are tortured in police stations, and hundreds are being shot without qualms of conscience.

To understand the present tension which is growing in the countryside, the following few instances of landlords' terror tactics against landless labour in relation to certain land disputes should be noted. These are only a few examples out of hundreds that are happening day in and day out.

There has been landlord gangsterism in Basti villages in U. P. The staff correspondent of Patriot, writing from Lucknow, has in the course of an article on *"communal Gangsterism in Basti Villages"* produced a few instances of excesses of "reactionary feudal elements" to terrorise the landless peasants who happen to be Harijans.

(1) Following land agitation in Pratappur village, Munesar, a Harijan was tortured by a former Zamindar. The Harijan was kept hanging upside down for several hours. A complaint was lodged with the police but no action was taken.

(2) In Chaplan village ex-zamindars attacked the huts of eight Harijans and looted their grain. In this village, the zamindars have taken possession of large fallow land and are terrorising the Harijans to make them renounce their claims. Complaints to the police have failed to evoke any response.

(3) The land on the banks of Ghagra, cultivated by the Harijans, belongs to the village panchayats. But the ex-zamindars take 50 per cent share from the cultivators. In some cases the ex-zamindars have looted the whole crop of the peasants.

(4) In village Muraripur, ex-zamindars attacked Harijans when they refused to perform '*Begar*'.

(5) In Mujha area (the area between the rivers Ghagra and Minwer), which remains cut off from rest of the district for months, the conditions were worse. As all the village land had been taken over by the ex-zamindars, the farm labourers had to work for them for nothing more than one meal in 24 hours.

Most important of all, "scores of reports have been lodged with the police, all in vain." (Patriot, September 11, 1968)

Armed landlords and their gangs in Rajasthan

A high-level government enquiry committee was set up by the state government of Rajasthan in March 1970 to enquire into cases of irregular allotments and benami occupation of canal-irrigated areas of Rajasthan Canal, Ganga Canal, and Bhakra Project areas, after a long and bitter struggle for land by Ganganagar peasants. The setting up of this committee so infuriated the landlords who had occupied thousands of acres of land, that they resorted to and employed every available device to frustrate the enquiry. Even the members of goverment appointed to the high level committee were threatended with dire consequences, should they go into the question of illegal occupation of land. The rich landlords have not hesitated to resort to kidnappings, torture, and shootings, to frighten the peasants from lodging complaints or appearing before the high-powered committee to give personal evidence. The rich landlords are able to organise goonda gangs, supply them with lethal weapons such as sten-guns, rifles, carbines, etc., not only to intimidate the landless rural poor but also the members of the committee.

On April 21, when the committee members were staying at the Anupgarh rest-house, they were surrounded by armed men and threatened that they would be finished off. This incident took place in the very presence of the Minister for colonisation, who happened to be the chairman of the committee.

A group of men armed with guns and led by notorious vested interests, like Gopiram, Maniram, Gurbuchan Singh, Niranjan Singh, etc., stood in front of the deputy commissioner's court and terrorised the

applicants who were complaining against illegal occupation. Even some of the advocates were threatened.

At Suratgarh, itself, on the following day, Gurudeep Kaur, who, had filed an application against a case of benami occupation of land by a rich land—holder was shot at, while she was drawing water from a well. A jeep full of goondas came, fired at her, and drove away. She escaped providentially.

A kisan worker, Bhajanlal, who had the courage to submit a written complaint before the high powered committee, when on his way to give personal evidence before the commission against two rich landholders who were reportedly cultivating 2,500 acres of benami land, was kidnapped on May 7, 1970, near Bikaner railway station by some rich landlords had tortured during his four-day captivity in a desolate decoit-infested area.

It is not at all surprising that landlords are defending their illegal occupation of lands with guns in hand. These landlords have usurped thousands of acres of land and are cultivating them with tractors and other mechanical implements.

For example, Padmashri Chandidan Warad of Warunda has in his possession about 6,100 bighas of benami land under different false names of cultivators. The vast estate is scattered in 16 villages.

Maniram Panjan of village Seeto has more than 4,000 acres of land of his own other than vast areas of illegal occupation.

S. S. P. leader, Mahadev Gupta, who is a member of the high powered commission has said in a statement to the Press that "these persons [meaning rich landlords] are running a parallel government of their own. The high powered committee had, therefore, recommended that all areas in possession of these benamis should be seized and special police force posted in the area for the protection of those who filed complaints against benamis.'

Mahadev Gupta further said, "I am convinced that it is not possible to free the land from these rich benamis and allot it to the landless by the normal government process. Forcible seizure of land by organising the landless to meet the armed attack of the rich landlords effectively is the only way out." (Patriot).

POLICE RULE IN GANGANAGAR DISTRICT OF RAJASTHAN

Leaders of the CPI, CPM and the SSP, have in a memorandum to Chief Minister Sukhadia and Home Minister D.L. Vyas alleged that "The police is resorting to atrocities on political workers, to serve the interests of big landlords, feudal elements, smugglers, and henchmen of some ministers."

On August 27, Tara Singh was severely beaten by the police till he became unconscious. When a villager objected to this, he was also assaulted with canes by the police. Later in the evening, Tara Singh was handcuffed and paraded bare-footed in Anupgarh town "At many places in the towns, henchmen of the police threw dust on his face and he was insulted in front of the shop of a big landlord, who was accused by Left parties of having illegally usurped land in the Rajasthan Canal area in the name of landless persons.

When the state CPI Secretary, Rama Nanda Agarwal, MLA, SSP leader Kedarnath, MLA, district SSP Secretary Mahadev Prasad, district Kisan Sabha President and CPM leader Sheopal Singh, went to the Anupgarh police station, they were not allowed to meet Tara Singh.

The memorandum reported that as many as 33 murders and other heinous crimes were committed during August alone, by landlords and their gangsters (Patriot, September 24, 1970). Landlords and the government are on warpath against agricultural labour and small peasant

(1) Landless evicted in Assam : Nearly 7,000 landless labourers who had occupied and cultivated 70 thousand bighas of cultivable waste-land under a forest reserve, in north Kamrup district in Assam, have been forcibly evicted by the government in November-December of 1970.

It was reported that the houses of these rural poor have been burnt down. Standing crop—paddy, jute, and other crops were destroyed. The value of the crop destroyed is estimated at about Rs. one crore.

The evicted peasants were even physically assaulted and a large number of them arrested.

Earlier, a large number of landless peasants were evicted from another reserve under Nalbari sub-division of the same district (New age, December 6, 1970).

(2) Landlord shoots at peasants : In a bid to retain their illegal occupation of Ghair Mazrua lands and to evict the share croppers from these holdings, the landlords in different parts of Bihar state have mounted violent attacks on poor peasants and landless labourers.

In Warisnagar, in Darbhanga district, a notorious landlord Ram Bhagat opened fire on peasants, from inside his house, while several thousand poor peasants and agricultural workers were returning after occupying a plot of their Mazrua land. Londlord Ram Bhagat was trying to re-grab the Ghair Mazrua land which was occupied by the poor peasants. Ten persons sustained bullet injuries as a result of the firing. All of them have been admitted to the Darbhanga Hospital.

Even though the magistrate and the police were present on the spot, no immediate action was taken against the landlord when he and his men opened fire on the peasants.

Though the Government is aware of the fact that the landlords in the state have collected a large number of fire arms and amunition to attac

the peasants, it has failed to seize those arms and take action against them. (What else should the peasants do except confiscate the arms from the landlords ?) (New Age, September 21-1971).

(3) **Land struggle volunteer murdered in police custody :** Ram Kishore, a 17-year-old landless labourer and an activist of U. P. Khet Mazdoor Sabha was arrested on August 29 from his house at the instigation of local landlords in Mahagaon village of Puramufti district and tortured and murdered inside the Puramufti Police station.

Ram Kishore's brother, Dakhi Prasad, states in his letter to the Chief Minister that when he visited the police station, on August 30, the station officer informed him that his brother would be *'challaned'* the next day; when he went to the court the next day to get him out on bail, he did not find his brother there; when again he went to the police station the next day he was informed that his brother was sent to Naini Jail. The following day when he went all the way to Naini Jail, he was informed that no such person had been kept in that jail. Again on September 4, he went to Puramufti police station, to find the dead body of his brother.

It was clear that Ram Kishore, who was a Harijan by caste, had been murdered at the instance of landlords who could not tolerate a Harijan political worker in their area.

(4) **Gujarat Harijans evicted :** Some Harijan families of Giraj village in Junagadh district in Gujarat had acquired some lands for cultivation. But the landlords belonging to higher castes were not ready to allow them to cultivate the lands. They started to harass them, and finally with the help of anti-social elements the lands of the Harijan families were forcibly occupied. After two years, the Mamlatdar decided the case in favour of the Harijans ordering that the lands should be handed over to them.

Despite the order of the Mamlatdar, the Harijans could not get the lands for cultivation. On the other hand, they were threatened that, if they did not leave the village within three days, they would be wiped out. When the help of the police was sought, they were advised by the police official that it would be better for them to leave the village, with the result, ultimately 150 Harijans including women and children had to evacuate the village.

Thus distribution of government land to the landless is a farce designed to deceive the poor. All over the country the most fertile land has been allotted mostly to government officials, ruling party members, and to landlords. Poor and landless peasants occupying these lands were forcibly evicted to make room for this gentry.

In these confrontations between the poor and the rich, we witness instances of a scene of brutalities enacted by the non-violent, truth-loving, god fearing, socialist regime under the brilliant leadership of the most popular Prime Minister, Shrimati Indira Gandhi. It is reported that

complaints to the police against landlord gangsterism has evoked no response. On the other hand, the police, too, have shown themselves to be part and parcel of landlord gangsterism. Even an SSP leader was forced to announce: "I am convinced that it is not possible to free the land from these rich *benamis* and allot it to the landless by the normal Government process. Forcible seizure of land by organising the landless to meet the armed attack of the rich landlords effectively is the only way out."

The truth that "*power grows out of the barrel of the gun*" is being forcibly taught to the landless labourers and poor peasants by such bitter experiences all over the country.

Historical experience and the objective conditions of today, including the policies implemented by the ruling party proves again and again that land reforms can be honestly implemented only when the rural poor are organised to take courage into their hands and distribute the land amongst themselves by force.

AGRICULTURAL LABOUR

Agricultural workers constitute the single biggest section of our country's population — 12 crores out of 44 crores according to the 1961 census — 25 per cent of the total population, or one-third of the rural population. They are the most exploited, socially oppressed section of our people in many respects, treated worse than the Negroes in America or the Blacks in South Africa.

The agricultural policy of the Government, the system of distributing credit as well as high-yielding seeds, fertilisers, pesticides, has only helped the intensification and the polarisation between haves and have-nots in the rural system. Whatever be the talk of the government in relation to land reforms, the hundreds of crores of loans from I.D A. (the affiliate of World Bank) to various state governments for distribution of tractors, combines, oil engines, electric motors, and other necessities of the rural rich, will in action only mean greater concentration of land and result in growth of agricultural labour in the rural areas.

These economic facilities do not reach the small farmers and "many of the small farmers belonging to the Harijan community are not aware of the facilities by the extention agency. Loans given under the intensive manufacturing scheme of the samithi rarely reach the small cultivators who suffer from social disabilities".

("Agricultural Development and Small Farmers : A Study of Andhra Pradesh", Gogula Parthasarathy : Andhra University 1971, page 68)

Where the new techniques have taken root, land prices have risen three, four or even five times, and land-owners, especially the big ones, are in no mood to share with others the benifits brought by better farming methods. Their attempt is to get rid of tenants altogether and resume land for so-called self-cultivation, making use of the virtually unlimited supply of hired labour. Tenants are in this way being reduced to the position of landless labourers.

The increase in numbers of the rural labourers, which is mainly agricultural labour, is a growing phenomenon in India today.

Growing rural labour

According to the Second Labour Enquiry, of the estimated 66.6 million rural households in 1956-57, 24.5 per cent or 16.3 million were agricultural labour households. In 1963-64, according to the National Sample Survey (19th Round), there were about 67.6 million rural households in India, of which 17.2 million, or about 26 per cent were rural labour households.

We had noted in the chapter *'Is India on the Way to Industrialisation?'* that there has been no fundamental change in the occupational

pattern in the country between industry and agriculture. The same is true in the rural economy.

Between 1901, and 1969, the proportion of agricultural workers to the total work force fluctuated around 70 per cent of the total population; though the proportion of agricultural workers to the total work force remained stationary at about 70 per cent, in absolute terms there was an increase from 97.2 million to 132 million.

The following table shows the percentages of rural labour households in rural houses in various states of India. In the states of Kerala, Tamil Nadu, Andhra Pradesh, Bihar, and West Bengal, more than one-third of their respective rural households constituted rural labour households. Rural labour is predominantly agricultural labour, constituting 82 per cent of the rural labour.

Rural Labour Households to Total Rural Households in States, 1963-64

State	*Per cent*	*State*	*Per cent*
Kerala	36.7	Tamil Nadu	36.3
Andhra Pradsh	34.7	West Bengal	33.8
Bihar	32.9	Maharashtra	30.0
Orissa	30.0	Mysore	23.6
Madhya Pradesh	22.9	Gujarat	19.8
Assam (includes Manipoor & Tripura also)	15.0	Uttara Pradesh	15.2
		Punjab (includes Delhi & Himachal Pradesh)	14.9
Rajasthan	11.8	Jammu & Kashmir	2.5
		All India	25.8

The latest available figures show that, out of a total of rural population of 434 million, over 100 million owned no land at all and another 185 million owned less than five acres per family. Most of those who owned less than five acres of small patches of land are also mainly agricultural labour.

The following table shows the percentage of agricultural labour households to the total rural households in 1963-64, state-wise.

Agricultural Labour Households to Rural Households

(per cent)

States	1963–64
Andhra Pradesh	29.1
Assam	11.7
Bihar	26.3
Gujarat	15.8
Jammu & Kashmu	1.0

(CONTINUED)

Kerala	27.2
Madya Pradesh	19.5
Maharashtra	26.6
Orissa	26.5
Mysore	19.5
Punjab including Himachal Pradesh	12.2
Rajasthan	4.5
Tamil Nadu	30.9
Uttar Pradesh	12.4
West Bengal	27.4
All India	20.9

The percentage of agricultural labour households to total rural households is above the all-India average in Andhra Pradesh, Bihar, Kerala, Maharashtra, Orissa, Tamil Nadu and West Bengal.

Landless Labour

Labour without land is a growing phenomenon today. The growing capitalist relations and commodity production ruins small production, reducing petty cultivators and tenants into landless agricultural labour—creating a rural proletariat without the means of production. He is left with his own labour power and nothing else to sell in the market for his living.

As Lenin had said in his book "Development of Capitalism in Russia":

"Machines lead to the concentration of production and to the practice of capitalist co-operation in agriculture", and "where the employment of machines is particularly wide-spread (Novorossia) is also distinguished by the quite considerable size of its farms". The systematic employment of machinery in agriculture ousts the patriarchal 'middle' peasant as irrevocably as the steam power loom ousts the handicraft weaver".

Thus the growth of commodity production in agriculture, growing capitalist relations in the countryside, concentration of production, and the increasing employment of machinery, ousts small and middle peasants from the land increasing the numbers of landless labourers.

Therefore, it is not surprising that the policies being adopted by the ruling big bourgeois-landlord class in India is also increasing the army of the rural proletariat. This is clear from various studies on the impact of the *'new agricultural strategy'* in India.

The following table gives the percentage of distribution of agricultural labour households, by category of households with land and without land, in 1956-57 and 1963-64, showing the increasing trend towards the growth of the rural proletariat without land

Percentage Distribution of Agricultural Labour Households by Category of Households : 1956-57 and 1963-64

	With Land		Without Land	
	1956-57	1963 64	1956-57	1963-64
Andhra Pradesh	33.0	27.3	67.0	72.7
Assam	29.7	40.3	70.3	59.7
Bihar	61.2	47.3	38.8	52.7
Gujarat	27.1	13.7	72.9	86.3
Jammu & Kashmir	32.8	50.0	67.2	50.0
Kerala	56.1	69.9	43.9	30.1
Madya Pradesh	38.9	50.0	61.0	50.0
Maharashtra	27.1	28.6	72.9	71.4
Mysore	34.5	31.0	65.5	69.0
Orissa	53.0	44.8	47.0	55.2
Punjab	11.0	14.5	89.0	85.5
Rajasthan	35.8	39.6	64.2	60.4
Tamil Nadu	34.5	29.0	65.5	71.0
Uttar Pradesh	54.3	51.5	45.7	48.5
West Bengal	33.4	37.8	66.6	62.2
All India	41.6	38.8	58.4	61.2

The all-India average of agricultural labour households without land out of the total agricultural labour households has increased from 58.4 per cent to 61.2 per cent during 1956-57 and 1963-64. The states in which such an increase of households of landless agricultural labourers could be reckoned are Andhra Pradesh, Bihar, Gujarat, Mysore, Orissa, Tamil Nadu, and Uttar Pradesh. The states where the percentage of landless agricultural labour households to agricultural labour households is greater than the all-India percentage of 61.2, are Andhra Pradesh (72.7), Gujarat (86.3), Maharashtra (71.4), Mysore (69.0), Punjab (85.5), Tamil Nadu (71.0), and West Bengal (62.2).

As for the percentage distribution of agricultural labour households, by categories, about 33 per cent of the households had some land in 1963-64 as against about 42 per cent in 1956-57. According to Agricultural Labour Enquiries, the percentage of landless labour to total agricultural labour which was 50 in 1950-51 increased to about 57 in 1956-57, and according to National Sample Survey, the percentage was about 61 in 1963-64.

"The percentage of landless agricultural labour has, thus, been increasing during all the years of developmental planning."

The impact of the 'green revolution' after 1963-64 in areas where intensive cultivation has progressed has not been studied yet in its sum total. Certain studies made so far have proved that this growth in the

numbers of agricultural labour has been significant in areas where the new strategy has been implemented intensively.

Francine Frankel, who undertook a study of socio-economic relations of the peasantry under the impact of the new strategy, came to the conclusion that, "the majority of 80 per cent in the rice belt have experienced a relative decline of their economic position; and some proportion, representing unprotected tenants cultivating under oral lease, have suffered an absolute deterioration in their living standard.

"In fact, in areas where high-yielding varieties of rice have been successfully introduced, this tendency towards economic polarisation between large farmers, on the one hand, and the majority of small owners, owner-cum-tenant cultivators, and share-croppers, on the other, has already begun." (Mainstream, December 13, 1969).

Agricultural labourers and landless peasants, including landless share-croppers in the villages he studied in Burdwan district, numbered 39 per cent, 52 per cent, 67 per cent, 59 per cent in the Four villages for which he was given detailed data. He further notes that "the project officer and IAD" staff support the general interpretation suggested by this data that the overwhelming majority of agriculturalist families in Burdwan district are either completely landless or operate uneconomic holdings of usually less than three acres." (Ibid : Page 20). "in West Godavary district about 60 per cent of agricultural families are actually farm labourers." (Mainstream, December 27, 1969). "The largest portion of agricultural population in Palghat district—about 85 per cent are farm labourers." Writing about Ludhiana, he says that "the inefficient farmers, that is, the small farmers who cannot afford the new technology, will ultimately find the gap in returns to investment on large and small farms so great that they will sell their holdings and leave agriculture. Similarly, the tenant class will begin to disappear."

He concludes his review of the impact of this new strategy saying that this "has already produced large numbers of unemployed young men in the villages....who may present serious socio-economic and law and order problems in the years to come", "rapid deterioration in *'good relations'* between land-owners and agricultural labourers", has already led to the first confrontation between landlord and labour factions".

He foresees increasing confrontation of these polarised forces. He declares :

> *In other parts of the wheat belt, for example, Uttar Pradesh and Bihar, where the majority of cultivating households operate holdings of less than 10 acres, where inequitous tenurial arrangements are an additional drain on the meagre resources of the small farmers, where the incidence of landless labourers is higher, and where the level of industrial development is low, it is difficult to see more than a small section of agricultural population being able to realise significant benefits from the wheat revolution. Indeed, the gains in these areas are likely to be even*

more heavily skewed; the increase in disparities larger; and the rate of displacement greater than can reasonably be expected to be absorbed through the creation of alternative job opportunities outside agriculture [and this would lead to] increasing instances of class confrontation in rural areas. This emerges clearly from a consideration of agricultural modernisation and social change in the predominantly paddy growing districts of West Godavary, Tanjore, Palghat and Burdwan.

The question arises as to who is mainly responsible for the creation of this confrontation in the rural areas Who is responsible for the increase in land concentration ? Who should be held responsible for the growing numbers of agricultural labourers ? Or, in other words, who is responsible for the creation of this revolutionary situation ?

Is it the revolutionaries or the party in power ?

Average Income of Agricultural Labourer

When we discussed the question of per capita income, we had noted that nearly "70 per cent of the rural population in 1967-68 were found to be at poverty level", even according to the diagnosis of the Reserve Bank of India. Agricultural labour is the main chunk of this group of the population living on almost starvation diet in India. Not only are their wages the lowest, but the incidence of unemployment is highest. According to a study in Economic Times, it has been found that the incidence of unemployment is as high as 15 per cent of agricultural labour households as compared to 3 per cent for other rural households (September 25, 1970). Even of the agricultural labourers who are employed, except for the attached labourers, the others do not find employment all the year round. In most of the dry cultivation areas, employment at the highest is not more than 150 days in the year; in the irrigated areas, too, full employment is available only in the sowing and reaping periods—in all the other periods it is only haphazard and partial employment.

The following table gives the average annual income per agricultural labour household for two different years 1953-54 and 1963-64. The data are for all India, though comparable statewise data are not available.

Average Annual Income Per Agricultural Labour Household by Source : All India

Source of Income	Annual Income (Rs.)		Percentage to total	
	1956-57	1963-64	1956-57	1963-64
(1) Cultivation of land	32.15	42.54	8.3	6.4
(5) Agricultural wages	281.08	544.55	72.9	82 5
(3) Non agricultural wages	56.96	33.33	14.8	5.1
(4) Other sources	15.19	39.47	4.0	6.0
Total	385.38	659.89	100.0	100.0

Source : Economic Times, August 9, 1970.

The average annual income per agricultural labour house, which was Rs. 385.88 in 1956-57, increased to Rs. 660.19 in 1963-64—recording an increase of about 71 per cent.

The basic feature to be noted here is the greater dependence of the agricultural labourer on agricultural wages in 1963-64 than in 1956-57. Whereas in 1956-57 the percentage of agricultural wages to his total income was 72.9 per cent, it increased in 1963-64 to 82.5 per cent. There was an absolute fall in income from non-agricultural wages and other occupations from Rs. 56.96 in 1956-57 to Rs. 33.33 in 1963-64. It is evident that even meagre possibilities of other occupations in the rural sector have dried up.

The Economic Times Research Bureau reports on November 18, 1970, that average daily earnings of agricultural labourers declined from 207 paise in 1950–51 to 203 paise in 1956-57 and increased to 297 paise in 1964-65.

For any one living in the villages, these figures as average earnings are fantastically high. However, what with more than three-fourths of the area under dry cultivation, where wages are as low as 50 paise even today in quite a number of remote areas; taking into consideration the large number of unemployed; considering that a large part of the year is without employment; this *'average'* is not possible even in most developed areas.

Even so, let us consider these data from a different angle. These figures from the two Agricultural Enquiries of 1950-51 and 1956-57, and the data released by the Central Labour Bureau for 1964-65, show that "although in terms of money the wages of agricultural labour recorded an increase of about 37 per cent in a period of 14 years, real wages actually declined by about 5 per cent during the period". The following table produced by the same Economic Times article clearly underlines the same fact.

Indices of Money Real Earnings of Agricultural Labourers

(1950-51 : 100)

Year	Indices of Money Earnings		Indices of Real Earnings	
	Men	Women	Men	Women
1950–51	100	100	100	100
1956–57	94	94	94	94
1964-65	137	145	95	100

"Though the state governments have adopted minimum wage regulations, in actual practice the labours get much less than the minimum fixed."

Therefore, the rise in prices has not only eaten up his increments completely, his position has actually become worse. Consequently the wide

gulf between the economic conditions of the rural labour and the top class of rural society has further widened.

We must also remember that wages are paid in various ways. Various forms of feudal relations exist, even in areas where commodity production and capitalist relations have developed. Sometimes the wages are paid in cash and in quite a number of places and quite a number of times—especially in the reaping season—they are paid in kind; sometimes partly in cash and partly in kind. "*Capitalism penetrates into agriculture particularly slowly and in extremely varied forms*" (Lenin), with the result that various forms of capitalist relations along with feudal exploitation co-mingle to make an excessive burden on the rural poor.

The feudal relations in our countryside are prevalent almost everywhere. They have preserved almost all their medieval supremacy of the landlords over the peasantry in the villages. In the following pages, a few instances of feudal methods of exploitation will be given as examples of the prevailing and growing tension in the villages. There is yet prevalent in the overwhelming parts of the country, a system known as 'debt bondage' or 'debt slavery'. A correspondent writing in Economic Times on June 1, 1970, on the state of the Harijans in Mysore describes the system as follows :

> *There is then the 'Jeetha' system—the pernicious practice of a system of bonded labour—something akin to slavery practiced by the early American settlers. It is said to be practiced in parts of Hassan district and also in south Kanara, north Kanara, Chikmagalur and Shimoga districts.The Elaya Perumal Committee describes the system thus: 'according to the Jeetha system, the agricultural labourers are advanced petty sums of money in time of their need. They are bound in such a way that they are not able to repay the debt out of their meagre wages because under the terms of the bond they got food, cloth, and small salary only. The result is that they are not only unable to repay the loan but also have to add to it. Consequently their debt increases. Even their children are obliged to take upon themselves, the repayment and become involved in it.*

Thus the lords of the land have even retained the jurisdiction over their *'labourers'*. They have preserved almost all their medieval practices, including various forms of free labour. It is true feudalism is flourishing more in some localities than in others, but the fact is that nowhere has it been entirely destroyed.

For example, the system of attached labourers is prevalent all over the country. Writing about Burdwan district Francine Frankel reports that "permanent relations between land owners and labour still persist; they are particularly common in parts of the district dominated by larger holdings. In fact, with the introduction of intensive cropping, the necessity of

having assured labour at peak cultivation period, actually tended to strengthen the system of permanent land-owner stroke labourer relations." (Mainstream; December 13, 1969).

This system is based on local traditions and customs. They are "employed according to a traditional arrangement by which agricultural labour families are permanently attached to the family of a land-owner, usually from one generation to the next..... Those interviewed reported cash payments ranging from Rs. 110 to Rs. 150 annually and varying amounts of paddy, averaging six to seven maunds a year. In addition, they ordinarily receive two or three meals a day and during the year three or four dhoties, one woollen wrapper, oil, bidi, and paddy straw for thatching their houses." (Ibid, Page 22).

Thus the attached labourers are characterised by debt bondage, caste restraints, tie-in allotments of land, indicating prevalance of pre-capitalist features of employment of labour. Attached labourers are tied down by loans, repayment of which were practically impossible.

Moreover, in many cases the employers give the attached labourers house-sites and land sometimes on a share-cropping basis. In South India large numbers of farm servants known as **padiyala, pannaiyala, pulayas, palerս, jeeta**, etc., work year after year, if not generation after generation for the same land-owner families.

Such a medieval system of bond slaves, according to the second agricultural labour enquiry report, is on the increase. The percentage of attached labourers am ong all agricultural labourers increased from 9.7 per cent in 1950-51 to 26.63 per cent in 1956-57. **There is no doubt that considerable section of the agricultural labourers in India are victims of pre-capitalist exploitation;** semi-feudal feature of wage payment in kind is prevalent in vast areas of our countryside. It was revealed by the Second Agriculture Labour Enquiry report that the employment situation as well as the terms and conditions of employment have markedly worsened over time.

Apart from low wages and inhuman living conditions, the agricultural labourers are victims of unemployment and under-employment. Even according to the note submitted by the Central Statistical Organisation to the All-India Seminar on Agricultural Labour in 1965, they are employed only 200 days a year.

The agricultural labourers are not part and parcel of the village. They are forced to live outside the main village, in separate chettos, under horrible conditions, without any common facilities such as wells for drinking water, roads, street lanes, etc. They are mostly illiterate.

When such are the conditions, and they are becoming worse with feudal appropriation and exploitation taking open forms of violence against agricultural labour (many more instances will be given later in this chapter), it is disgusting to note that the Soviet revisionists are showering praise on the Congress government for having implemented 'partial bourgeois agrarian

reform'. In an article published in Izvestia, September 4, 1970, they write: "The bourgeois agrarian reforms carried out in India for all their inconsistency—they do not solve the agrarian problem in favour of the peasantry and do not eliminate the archaic production relations in the countryside—have, nevertheless, dealt a blow at feudal landlords, the princes and zamindars". In their service to the Indian bourgeoisie, the Soviet revisionists seem to be more loyal than the king himself.

Even the Economic Times, June 1, 1970, calls this system no better than 'age-old serfdom'. As Ranjit Das Gupta has written, "The intertwining of the pre-capitalist methods of exploitation and the capitalist method has subjected the underprivileged groups of rural India to absolute and relative impoverishment".

In addition to this, they are socially oppressed in our caste-ridden society. The overwhelming majority of agricultural labourers belong to untouchable or backward castes. Social ostracism of those castes is worse than the whites attitude to Negroes in America. They are obstructed from using the wells, tanks, temples, and other public places.

The reason for this is that, during the British period, there was no fundamental change in the character of the Indian economy which remained essentially semi-feudal and semi-colonial in character.

Even after the transfer of power from the British to the Indian comprador class, no fundamental changes in the economic, social and administrative spheres has been achieved. Even to this day, the character of the Indian economy has remained essentially semi-feudal and semi-colonial. Forms in some respects have changed, but fundamentally caste has remained the same. The system of Panchayat Raj, the growth of green revolution, the growth of commodity production in the countryside, have only helped the ruling big landlord and the big business class to increase their domination through the revivalist and obscurantist social ideology based on castes.

The primary condition for lifting agricultural workers from this horrible state in which they have been forced to exist is the elimination and extermination of landlordism. Fundamental changes in the agrarian structure and social relations in the rural areas can be achieved only through an agrarian revolution.

Untouchability

The problem of untouchability is inter-related with the problem of rural land relations. The extent and magnitude of the problem of untouchability is the reflection mainly of the economic lot of the scheduled castes, and a reflection of an economic society with feudal social and economic relations which are still strong. The economic relations in the countryside are such that they are entirely dependent on the high caste landlords.

Due to the "increasing power of what is called in India the rural elite', "the caste system is probably stronger today than it was at the time when India became independent. Caste is so deeply entrenched in India's traditions that it cannot be eradicated except by drastic surgery."

("Asian Drama", page 279)

The problem of untouchability can be solved only by a hundred per cent democratic revolution capable of smashing to smithereens the feudal landlord hold in the rural areas, under the impact of mass mobilisation by total elimination of landlordism.

Tension has been growing between landlords and agricultural labourers in various pockets in our country. Writing in the **Economic Times** (July 9, 1970) about the tensions in Thanjavur, in relation to the intensive agricultural district programme, the paper's special correspondent noted that "the disturbing aspect is the running feud between the landlord class and the agricultural labour in half a dozen taluks constituting the eastern wing of the district" culminating in a "ghastly incident in which 42 persons, mostly women and children, were burnt alive". Struggle for fair wages unleashes the fury in un-imaginable magnitude, among the landlords on the downtrodden agricultural labour.

Scheduled Castes and Tribes in India

More than one-fifth of the India's population belongs to the category 'scheduled castes and scheduled tribes'. By the 1961 census, scheduled castes and scheduled tribes formed 14.6 per cent (6.44 crores) and 6.8 per cent (2.9 crores) of the country's total population. Every seventh person in India, on an average, belongs to scheduled caste category, while every fifteenth person in the country belongs to the tribal group.

The percentage of scheduled castes and scheduled tribes to the total population, statewise, as per the 1961 census, is as given in the following table :

Name of the State	Scheduled Caste	Scheduled Tribes	Total
Andhra	3.82	3.68	17.50
Assam	6.17	17.29	23.56
Bihar	14.00	9.05	23.05
Gujarat	6.63	13.35	19.98
Jammu & Kashmir	7.98	—	7.98
Kerala	8.49	1.26	9.75
M. P.	13.14	20.63	33.77
Madras	18.01	0.75	18.76
Maharashtra	5.63	6.06	11.69
Mysore	13.22	0.81	14.03
Orissa	15.75	24.07	39.82
Punjab	20.38	0.07	20.45
Rajasthan	16.67	11.67	28.34
U. P.	20.88	—	20.88
West Bengal	19.73	5 88	25.61
INDIA	14.67	6.87	21.54

A statewise analysis of the distribution of scheduled castes and scheduled tribes shows that 25 per cent of the total scheduled caste population is concentrated in Uttar Pradesh and one-tenth, each, in Bihar and West Bengal. Half the tribal population in the country resides in the three states of Madhya Pradesh, Orissa, and West Bengal. Nearly 90 per cent of the scheduled caste population and more than 97 per cent of the tribal population in the country is residing in the rural areas. They form 15.97 per cent and 8 16 per cent, respectively, of the rural population.

Literacy among the scheduled caste and scheduled tribe population is very poor in India compared to the general literacy rate. The 1961 census shows that only 10 per cent of them are literates as against 24 per cent for the general Indian population. Among the literates, the majority constitute those who are *"literate without education level"*.

The overwhelming majority of the scheduled castes and scheduled tribe people are in the rural areas, and most of them are engaged in agricultural labour. As such, the emancipation of these people cannot be acheived separately and in isolation from the general problem of rural poverty. This cannot be achieved without revolutionary redistribution of land, and forcible and violent overthrow of landlordism. In short, the problem of scheduled castes and scheduled tribes can be solved only through a revolutionary change in the socio-economic structure of the country as a whole.

The state of Harijans

Economic Times produced a series of articles on the state of the Harijans in 1970. A few extracts reveal the fact that they—the lowest stratum in society both economically and socially—are being treated worse than serfs of medieval society.

IN PUNJAB : They have to live in Bastis away from the socially better-placed community. They are not permitted to draw water from wells of the people of *'high castes'*. Although there are hand-pums in the village, the Harijans are not allowed to touch them in Dehra village in Dera Basia sub-division. Last year, a socio economic survey was carried out, by the planning forum of the local Mahendra college, at village Daun Kalan, a model village in the vicinity of Patiala. It was found that though the village was economically well advanced, having a high school, a post office, an industrial training centre, a primary health centre, and other amenities, yet it was socially backward, so much so that the Harijans were not permitted to draw water from the wells of the localities. In the village high school, there was not a single student belonging to the scheduled castes though there was no bar on admission. The overall rise in prices has forced the landless labour to demand a better wage and, wherever they did so, they face resistance from the land-owning class. Trouble arose about three months ago when the foundation stone of a village school was laid by a Minister and the Gram Panchayat donated

land for a playground of the school. Incidentally, the playground include a part of such land which was within *'lal-lakir'* (residential units of the village) and was not *'shamlat'* land within the meaning of Punjab village common lands Act. While donating the land the panchayat ignored the hard fact that the Harijan families would be put to great difficulty in case no passage was provided in front of their homes. A barbed wire was raised around their houses, by February 20, 1970. On March 22, a study team of the Punjab Pradesh Congress (R) led by its president Mr. Zail Singh visited the village and found entry to two houses completely blocked. **"Such incidents have multiplied during recent days throughout the state, because the police mostly acted as a silent spectator."**[A]

> *The problem of untouchability is basically the problem of social and economic inequality. Harijans are considered a necessary cog in the age-old agricultural production system meant to provide cheap labour to the land-owning classes.*
>
> *The old social order is resisting the new trends as a result of which a huge majority of Harijans are condemned.*
>
> *Even after two decades of Independence, the social, economic conditions of scheduled castes in Punjab have not registered any marked improvement according to an official survey recently conducted in the state.*
>
> *A number of instances have been given in the report where other classes used their economic power as one of the weapons against those depressed classes in the villages, particularly in situations when the scheduled castes make attempts to exercise their rights. It has taken the shape of their eviction from land, discontinuance of their employment, and stoppage of their remuneration as village servants.*

The report pointed out that the per capita income of the scheduled castes population in the rural area of the state was Rs. 194 as against Rs. 483 for the general population for the year 1963–64 (Economic Times, June 29, 1970).

IN MADHYA PRADESH: (1) A harijan labourer was prevented from working at the construction site of a temple.

(2) In one case, in a temple constructed by Harijans themselves, they were prevented from offering worship.

(3) In Mandazur, one Chamar bridegroom was made to get down from the horse on which he was riding, because it was the privilege of the caste Hindus.

(4) Untouchability is also practiced in selected institutions. Reports are often received that, in the Panchayat meetings, elected Harijan members are made to squat on the floor, outside the main door of the meeting hall, while caste Hindu members occupy chairs.

"Various reasons are being listed for the ineffective enforcement of he untouchability law". One of the main reasons is "the indifference of he police towards such complaints. Such offences are generally committed y people of high caste, who also happen to be influential persons of the rea. In addition to this, feudal landlords furnished a large percentage of igh government officials.

"Land to the landless harijans is a perpetual demand in the state. llegations of discrimination, partiality, favouratism, and watering down f the provision of the scheme of land refoms are often levelled by the epresentatives of the backward communities. In fact, the situation has ecome so explosive that unless the goverament evolves a fool-proof pro- edure, it might explode any day." (Economic Times, May 24, 1970).

IN MYSORE : Recently, a party of press men, who were taken o a village in Kolar district by some Harijan leaders, were shocked to find hat Harijans are still prevented from drawing water from common wells nd are literally ostracised by the higher castes.

As a result of age-old serfdom, the Harijans have almost lost their faculty of reacting to injustice. Thus, the inequities have been solidified by the rigid social stratification, of which the caste is the most significant manifestation. Political decentralisation,or panchayat raj, has strengthened their position further till by offering them more opportunities for political office and patronage. M. M. Srinivas, has described the inherent conflict of interests as follows :

"The rural elite has emerged as a class keenly conscious of the political and economic opportunities lying before it. It does not have any inhibitions about exploiting these opportunities to its own advantage..... A basic contradiction needs to be mentioned here. In implementing programmes for the benefit of rural areas, government officials tend to be guided by the rural leaders who are part of the rural elite. But it is forgotten that there is a fundamental conflict between the interests of the rural elite and the rural poor. The rural elite are, as a group, aggressive, acquisitive, and not burdened by feelings of guilt towards the people they exploit. Hierarchy and exploitation are so deep-seated in rural India that they are accepted without questioning. Neither the urban politician nor the administrator can do without the rural elite and the latter know it." (Yojana, October 1, 1961).

Thus democracy itself plays into the hands of petty plutocracy

In such circumstances, it is no wonder that contradictions are growing in the rural areas going to the extent of violent clashes. Wherever and whenever the Harijans and other backward caste rural poor assert their social rights, or fight for better wages, the socially superior high-caste landlords make use of this division of caste to throttle this legitimate assertion of their rights by all violent means. There are innumerable instances of these people beaten and even killed appearing in the Press. There is no hidious crime that is not perpetrated against untouchables and backward classes.

Violence Stalks The Rural Scene

With the growth of the power of the rural elite, there is growing violence in the countryside. In recent years, unheard of atrocities commited against the poor in the rural area, especially on the low-caste section, have been growing in number. Social, economic and political contradictions are developing into direct confrontations, with landlords taking law into their own hands with a ferocity unheard of at any time in the past. The Ku Klux Klan is being outdone. Nazi atrocities in Germany on Jews are being re-enacted in India's countryside by the all-powerful feudal landlords. It is my opinion that armed landlords have created and are creating a situation, wherein there seems to be no way out except armed confrontation in defence of their legitimate rights by the rural poor.

According to the Union Home Ministry's information, 93 Harijans were done to death in different parts of the country in 1969. The office of the scheduled caste commissioner has reported 355 cases of harassment of Harijans, some of them involving rape and murder.

Rarely have the culprits been brought to book. Rarely is the violator of the law punished. This criminal indifference of the authorities is not accidental. These limbs of the State are closely linked with the upper strata of the society, which is the main rural base of the Government. Harijans, as agricultural workers and landless peasants, are the worst exploited not only economically but socially.

I propose to bring to the notice of the court various incidents that have been reported in the 'respectable' Press, from which it is explicit that it is the landlords, under the supervision, blessing, and connivance of the administrators, who have been responsible for the violence in the country. I would like to ask: Is it not the legitimate duty of the people to counter violence with violence?

Let us first look at the facts—at the magnitude of the issue confronting us before we come to any conclusion. For, that would give us an idea of the type of feudal gangsterism stalking this land, an idea of the various issues involved and a glimpse of various methods adopted by the landlords.

Patriot on December 11, 1968, reported that an attack of armed gang on Harijan cultivators took place in Dharmkot-zira section of Ferozepur district in Punjab. In this incident, huts were set on fire, crops were destroyed, and the cultivators were tied up and beaten. The paper remarks that it would not have been so disquieting but for the fact that it is the latest of a series of such outrages which have not been confined to one or two states. There have been a series of incidents all over the country in which Harijans were murdered, their women molested, and their dwellings smashed up. There is a sinister pattern in the way Harijans have in recent months been terrorised and bullied in A.P., M.P, U.P., Rajasthan and elsewhere. "Sympathetic noises from the top will not end this untenable situation. Drastic action to purge the administration of caste-mongers is the only alternative to the Harijans organising themselves for self defence."

Now let us take the incidents mainly in the years 1970-71.

National Harald of May 28, 1970, reports that 54 Harijans belonging to 13 families were rendered homeless after their homes were set on fire allegedly by a large group of caste Hindus on the midnight of May 20, in Masania village in Dhenkanal district of Orissa.

Statesman, August 7, 1970, reported that in Tamdei village of Sambalpur four brothers belonging to a Gonda (Harijan) family were burnt to death on July 18, over the question of fishing rights.

Indian Express, in an editorial on August 6, 1970, writes as follows: "In recent months, there have been several other instances of atrocities commited against Harijans primarily because of their being Harijans. Following a petty quarrel between a caste Hindu and some Harijans, all huts in the Harijans quarter of an Orissa village were set on fire in May. A shocked Rajya Sabha was recently told by an M P. from Maharashtra how a young Harijan woman was burnt to death in her state nearly two months ago. Reports about Harijans being tortured for drawing water from certain wells or for entering temples continue to come from many parts of the country.

"In most states the problem of untouchability is getting mixed up with the question of land reforms ... This has created new tensions in rural society dominated by the upper castes. The Bhubaneswar report about Killing of some Harijans in a clash over possession of land in a village near Puri is a significant pointer. The question of wages of farm labourers is another source of conflict. The way the Harijans of a village near Patiala were harassed by the local panchayat a few months ago over the wage issue was truely incredible. Their houses were fenced off by barbed wire with the help of public funds because they refused to work for a daily wage of Rs. 2.50 which was less than half the nominal rate in the case of non-Harijans in the area.

"Even more shocking than these incidents is the apathy of the authorities. The state governments appear to have failed signally in securing for the Harijans their legitimate rights".

Patriot reports on December 20, 1970, an incident in which the Harijans were being evicted from the lands which they have been cultivating for quite a number of years.

"According to Bahadur Singh, sarpanch of the village Ganna Oind, in Phillavar Tehsil in Jullundur District, Punjab, 24 Harijan families were alloted a plot of land by the government. After they had developed this land and installed a tubewell, one senior police officer of Ludhiana district, in collaboration with the revenue officers of the area, got the allotment cancelled. To get possession of the land he organised a police raid on the Harijans of this village in which one woman was seriously wounded. A report was lodged and no action has been taken.

"The story of Harijans of Talwand Canal is that one senior officer of co-operative societies is seeking to get Harijans evicted from the land in this village through bogus entries in the revenue records in favour of his relatives."

Times of India, March 24, 1971, reports that Choti Khatu, a fairly big village with a population of 4,000 wears a deserted look. About 30 to 40 Baori (scheduled caste) families lived in and on the out skirts of the village. The 12 houses owned by the Baoris, some of them pucca, were demolished by miscreants. Four huts in the fields were burnt. The panic-stricken villagers who fled have left behind all their possessions—rags, broken chappals, lanterns, charpoys, and flour grinding stones. Even earthern pots used for storing foodgrains were smashed and the grains were carried away.

Thirty-year-old Pipli, mother of five children said, "I and three others were dragged out of our houses on the evening of March 9 and beaten up mercilessly. Afterwards, some people brought Jarhwali, who was carrying her six year old child in her arms. She too was belaboured the child died in her arms".

Another woman also called Pipli, was beaten up and kicked despite being in an advanced stage of pregnancy. She gave premature birth the same day.

Times of India, March 26, 1971, reports about a social boycott of Harijans organised by the president of a village panchayat in Mysore State. How total the boycott was can be seen from the fact that the village grocer did not sell provisions to Harijans, the blacksmith and the potter refused to have any dealings with them, and even the priest barred their entry into the local temple.

"One panchayat in Punjab is said to have gone so far as to order Harijan houses to be 'walled off' from the rest of the village. Panchayats are supposed to foster democracy at the grass roots, but in practice many of them function like tiny oligarchies."

Patriot, June 21, 1971, reports on Kurja Harijans fleeing landlord terror. "About 15 Harijan families of a village in Bulandshahr district of U. P. have fled their homes following a reign of terror let loose by a big landlord there."

"It was the reluctance to do a certain job by a Harijan lad of 18 years that made the Harijan basti the victim of landlords anger, who threatened to shoot them and to escape it the 15 families fled their homes" and "are now in the capital, to meet and seek redressal from Prime Minister Indira Gandhi, and are camping under a big tree outside Teen Murthi".

"The landlord felt offended at the protestation of 18-year old Shahanlal, who, after working three or four hours of household chores at the landlord's house was refused a break for tea, even though the boy went home only after he completed the work.

"Even so, the landlord felt aggrieved. He, along with his nephews, went to the boy's home and beat him. When his mother protested she too was kicked on the belly. The boy's young wife was treated in the same manner. When the boy's father who was then absent tried to raise the issue with the village panchayat, it refused to take cognisance of the

incident. A complaint lodged with the police the next day has had no effect. On the other hand, the Harijans were told to settle the dispute with the landlord.

"When neither the boy nor his mother went to the landlord's house to do the household chores for the next two days, the landlord again visited the Harijan basti and threatened to shoot them all if they did not report for work the next day.

"Struck by terror, the Harijans collected whatever they could from their houses and fled in the night and reached Delhi by train from Khurja.

'Patriot', June 22, 1971, makes an editorial comment on the rural anger. The rural landlords practising their privileged morality have increasingly set regressive social standards across the country. Thakurs, Gounders or Reddys, they all use the Harijan ghettos outside the villages for the daily conscription of cheap labour, or dead of the night forrays for women and will not concede them any civilised rights as part of society.

"There have been many Kanchikacharlas in Andhra Pradesh after the first tragedy, huts full of 'rebellious' Harijan labourers burnt in Kilvenmani, and many groups of terrorised men,women, and children, have fled U.P. border villages to Delhi and there does not seem to be anything much any one can or will do because most seem to accept that this is all part of the Indian condition—only some regretfully. The U.P. land-owner who threatened to shoot a family and drove them out of their village was only following standard practice. The outraged gounders of the Coimbatore village, hit where it hurts most by the elopment of one of their girls with a Harijan boy, may be preparing for a small war of their own. For both, police help is assured since force identified itself with the ruling or powerful interests not the weaker sections....Though 'dadas' are emerging among the Harijans who will sell the community's interests, it looks as though a rural confrontation of some magnitude is inevitable unless the police are de-linked from the land-owners and the State apparatus moves to protect the weaker sections".

Blitz, August 21, 1971, reports how in Kanail village, in Gorakpur, a Harijan boy, Samuru, was tied to 'Khamia' and beaten by an ex-zamindar whose fields he refused to plough when the zamindar insisted the boy should work free for him as his family and fore-fathers allegedly owed him Rs. 1,32,000.

"Denying the existence of a slave trade amongst the tribals of Wynad, Kerala's Minister for Harijan Welfare admitted that there was a system under which the tribal people were tied down by contract for a particular period to individual landlords."

"A marriage party of Harijans was allegedly beaten up by Rajputs in Bikaner village temple, while in Ganganagar district a Harijan was beheaded and thrown in a well."

Statesman, August 22, 1971, reports that Harijans were stunned by the announcement of social boycott, made in Duneka village, two miles from here (Moga) last night.

"The Harijans were told by the beat of drum that they would not be allowed to step on farms owned by the people in the village."

"The social boycott reportedly follows the Harijan's demand for wages in excess of the rates fixed by villagers of the area."

Patriot, September 2, 1971, reports the ejectment of Harijan cultivators of common land in the village Kheri Ganeran, 12 miles from Patiala, which has whipped up tension in the village.

"The total area of the village common land is 330 bighas of which 107 bighas had been leased out to Harijans for cultivation for the last several years by the village panchayat. Now, the entire common land area in the village is in the possession of the high caste cultivators.

Patriot, September 2, 1971, Mr. Sundersing, General Secretary, Congress Legislature Party, today alleged that the Harijans in Punjab were being harassed and ousted from their land. He also alleged that the Harijans were being killed on the false plea that they had become Naxalites.

Times of India, September 8, 1971, 'Current Topics' in Says: "How can Harijans be blamed for feeling that there is built-in hostility against them in the administration? A new road had been constructed in a village in South Arcot district of Tamil Nadu for their *'exclusive'* use. It appears that the caste-Hindus of the village objected to the pollution of the regular road by the Harijans."

The conscience of the ruling class is shocked when they hear that South African whites put up boards for railway compartments and hotels. "Dogs and Blacks Not allowed". Yet this 'soft-hearted ruling class is no worse in their treatment of village poor."

Hindu, September 10, 1971, reports two cases of assaulting scheduled caste persons for entering a temple figures today in the Maharashtra Assembly during question hour.

One incident occurred in Deogaon village Ahmednagar district on April 20. In another incident, a 60-year-old person of the same caste was beaten up by a sarpanch of Govhan village in Sangli district on May 22 last as he entered a Hanuman temple.

"When the opposition members demanded disclosure of the names of the accused the Minister expressed his inability to furnish them. He, however, promised to produce the names in a day or two according to the direction of the Speaker".

Patriot, of September 11, 1971, reports of terror-stricken Harijans fleeing a Rajasthan hamlet. Palwala Jataun, a small village in Bassi tehsil of Jaipur district in Rajasthan is today without a single Harijan. All the 40 Harijan families of the village have fled their homes in the wake of terror let loose against them.

"The incident was a sequel to the village cobblers refusal to mend free of charge the footwear of the caste Hindus. Such refusal was contrary to the traditions still followed in many Rajasthan villages that the cobblers mend old footwear of these persons free of charge.

"A mob of caste-Hindus started wanton attacks on Harijans, indulged in arson and looting. About 10 Harijan houses were turned to ashes.

"These people (Harijans who had come to the capital) complain that in many villages the Jats and the Thakurs were terrorising the Harijans. They had virtually made it impossible for any cobbler to live in the village. They also sometimes forcibly occupied the lands of Harijans or deliberately destroyed the standing crops from their fields".

Times of India, in an editorial on September 15, 1971, says: "There is hardly a week which does not bring to light a fresh instance of the practice of grossest kind of discrimination on grounds of caste." After giving the instance of denying the use of public road to Harijans in a village in South Arcot, the editorial says that, this is a case "not just of discrimination but a reign of terror instituted with impunity under the very nose of government that reveals in anti-Brahmin militancy".

"The Harijan village is so defenceless today that, even where he knows he has been wronged and authority is ready to help him secure justice, he does not dare complain for fear of reprisals from the privileged part of the community, which, as the South Arcot example shows, can make life impossible for him. Land reforms have helped flatten the agrarian pyramid but not touched the base.

"The result has been a sharpening of tensions between land owning caste Hindus and landless Harijans. Social thurst of the Green Revolution is in the same direction."

Patriot, September 18, 1971, talks of casteism running amock in Behara. "The Harijans of Behara, victims of a barbarous asault, are bitterly complaining that the days of serfdom are not yet over".

"The chamars of the village traditionally remove the dead animals. It has been obligatory all along as a part of the job of the landless labour, whose current wages are Rs. 3 a month and half kg. of coarse grain a day."

At a meeting on Sunday, the chamars decided not to remove dead animals any longer. The decision was unanimous".

On Tuesday, a group of caste Hindus, some Thakurs and other influential persons, ransaked the Harijan basti; their shed roofs were set ablaze. Pots and pans were broken. Women and children were beaten up indiscriminately. The rampaging crowd did not leave until they killed one person. It is believed that the object of the attack was to terrorise them into continuing to perform the traditional services.

Times of India, September 21, 1971, reports how a Rajasthan Harijan tribe fights exploitation. The Reghars, a community of scheduled caste people, have fled Palawala, Rampura, Paterha and Bakri villages in Jaipur district following a series of clashes with the landowning caste Hindus the past two months.

It is socio-economic tensions that have led to these clashes. "Part of the trouble is traceable to politicians who have been resisting socio-economic changes in the countryside."

FEUDAL RELATIONS: The reghars had for decades been skinning cattle, tanning hides, manufacturing and repairing charas (leather buckets) for drawing water from the wells—and repairing old shoes.

"While they used to be paid cash for providing new charas, they had to accept foodgrains at harvest time for the rest of their services."

"With the growing socio-political consciousness, these arrangements are no longer acceptable to the community of Reghars. With the growing money economy, it is but natural that the Reghars are insisting on wages in cash for their services.

"A large number of meetings have been held over the past few months to press the demand for a better deal for the Reghars. At one of these meetings, the Reghars decided not to skin cattle or repair old charas and shoes "unless paid in cash".

To counter this agitation of the Reghars, "the farmers set up Kisan Sangharsh Samithi to hit back at the Reghars". The Samithi decided to impose social boycott on the Reghars. They took back the fields leased out to Reghars on a share-cropping basis. The Reghars were also banned from grazing their cattle in common grazing lands. They were prevented from going to their fields or houses through traditional short-cuts. They were not allowed to draw water from private wells. The supply of provision from village shops was stopped.

At Palewala, 300 to 400 Jats and Brahmins with their servants surrounded the houses of the Reghars, beat up the men and women, as well as children, and looted their property.

At Bakri, the Reghars were prevented from taking water from a private well.

In some instances, the Reghars were prevented from taking possession of land allotted to them by the government.

"Despite these reprisals, the Reghars seem determined not to repair old charas or shoes. They are equally bent on not accepting foodgrains in lieu of wages."

LAND FOR THE POOR: As this demand of the landless poor, the bulk of whom belong to the scheduled castes, continues to grow in intensity, the Congress government more and more has intensified its propaganda of land reforms on one hand and has been stealthily helping a concerted move to oust them even from the small bits of land that agricultural labour possessed. The following bit of information in Patriot of September 14, 1971, is of interest:

"In Porbandar taluk of Gujarat, 20 Harijan families have been driven out of a village where they had lived for generations, their crime being that they owned small places of agricultural land."

"In the Patiala district of Punjab, influential persons are in illegal possession of Nazul land transferred to Harijans, in connivance with the officials."

"In U.P. districts of Bulandshahr, Agra, Hamirpur, Nainital, Baharaich, etc., what was revealed by the preliminary survey reports of distribution of fallow land to the landless is disconcerting. In the majority of the cases, land has been found to be allotted by the village land management committees to those who already own big slices of land or have other sources of income, as per the provision of the existing land law which treats even a person, whose parents own enough land, as landless." Though the government claims that most of the waste and surplus land has been distributed among the scheduled castes and from time to time produces impressive statistics to substantiate it, in actual fact hardly any land has come into their physical possession."

"Under the circumstances, if the scheduled castes plan direct action, they are more than justified. It is also widely alleged that the authorities are resorting to a more suitable devise to deprive the Harijans and other poorer people of the land they had been in possession of far generations, by acquiring them for public purposes. Cases of land acquired for Meerut University along the Ghat Road and for other similar public purposes in Aligarh are being cited in this connection."

Desperate Fury Inevitable

These incidents cannot be dismissed as these unrelated to the class war now raging in our country in various forms. Some of the problems in rural India of today arise from the fact that economic relations which have become outdated still persist in our villages due to the unbalanced economic development of India.

The traditional system of caste interdependence, under which poor peasants and labouring class mainly belonging to lower castes attached themselves to the landlord families, still persists.

Those people belonging to the upper castes, who had previously lived on tributes and taxes from the producing and serving castes as feudal rent-receivers, maintained their social and economic domination under British rule in the newly evolving class structure. Their rule in society was further established and strengthened after the comprador bourgeoisie and the landlords took over power from British imperialism. The co-operatives, bank loans, better seeds, fertilisers, and other economic benefits which the rich classes, belonging to the upper castes received, along with the establishment of panchayats, samithis, and zilla parishads, which gave them a direct link with the administration from bottom to top strengthened them not only economically but also politically.

On the other hand, the overwhelming majority of the low-caste people, the serving castes, remained at the bottom of society as landless and semi-landless labourers.

Thus, though certain changes did take place in society, these were mainly within the caste system of the feudal structure, instead of breaking away from the institution. Forms may have changed but fundamentally caste remains the same.

The reason for this is that, during all these years, there was no fundamental change in the character of the Indian economy which remains essentially semi-feudal and semi-colonial in character. Even the distinction of wealth in an economy of commodity production. led to further intensification of the caste institutions. As Ranjit Das Gupta in his book "**Problems of Economic Transition**" states :

> *"Planning efforts and various agricultural development programmes, including the much lauded new agricultural development policies, helped to increase disparities between region to region and between different strata within a region benefiting most the large land-owners and the upper strata of the peasantry [and has given] a new life to this hierarchical caste structure and even strengthened it in certain respects in the rural areas.*
>
> *"The dimension of the problems flowing from the pervasive persistence of the inequalitarian caste structure is revealed by reports of burning alive of women and children of Harijan agricultural labourers in Tanjavur district of Tamil Nadu and the spate of violence against scheduled castes is widely separately parts of the country".*

This "solid foundation of oriental despotism", as Marx brilliantly exposed, continues to exist with all its ferocity, strengthening "stagmatory undignified and vegetative life", "contaminated by distinctions of caste and slavery".

But the rural masses are awakening. Slowly, but steadily, a sense of revolt against economic and Social despotism is growing. "While the promises given to rural masses are belied", writes Yogesh Vajpeyi in National Herald in his series of articles on '*Indian Village*', "awareness is dawning among the sufferers that this state of affairs cannot be tolerated any more". And the villagers are realising that the tables cannot be turned upside down by playing the game according to rules of those at the top. "This is a dangerous stage, for after the realisation that the conventional means are ineffective comes desperation, and direct action, germinising out of desperate fury is rather uncontrollable."

(National Herald. May 10. 1790.)

It is no wonder that the masses have come to believe that "*It is utterly useless to professedly use merely legal means of resistance against an enemy which scorns such scruples.*" *(Karl Marx and Frederick Engels :* "German Revolution and Counter-Revolution", Page 110).

Therefore, if the class character of the revolt of the exploited sometimes expresses itself in certain castes, and if the supression of the downtrodden exploited classes takes the character of a brutal war against certain castes, it in no way obscures the basic character of class struggle. During British rule, the rural masses were so much steeped in the motion of caste and communal segregation that even their political and economic revolts sometimes took a peculiarly obscurantist character, as was the case with the Mopla Revolt in Malabar.

Here is how Engels, the greater partner of the founder of scientific-socialism, Karl Marx, analyses the so-called religious wars of Medieval Europe; "*Even the so-called religious wars of the sixteenth century involved positive material class interests; those wars were class wars, too, just as the later internal collisions in England and France. Although the class struggles of the day were clothed in religious shibboleths and though the interests, requirements, and demands of the various classes were concealed behind a religious screen, this changed nothing in the matter and is easily explained by the conditions of the time ...the revoluntionary opposition to feudalism was alive all down the middle ages. It took the shape of mysticism, open heresy, or armed insurrection, all depending on the conditions of the time.*"

("The Peasant War in Germany").

Tribals: Worst Among the Exploited

The growing agrarian discontent revealed in sporadic outbursts—leading even to resistance by arms to counter the growing exploitation and repression of the landlords—in many parts of the country, has within it first and foremost the Adivasis.

There are 30 million Adivasis in India, as many as 95 per cent of them living in rural India, engaged as agricultural labourers, inferior tenants, and small peasants.

Remnants of primordial slavery, known variously as Sagri, Jothi, Hali, Vetti, etc., exist in various parts of the country especially in the predominantly in Adivasi areas.

Amongst the agricultural labourers, which is the most exploited class in India, the tribal labourers are still worse off.

According to the 1960-61 Report of the Commissioner for Scheduled Castes and Scheduled Tribes, the percentage of landless Adivasis has grown from 50 in 1950 to 57 in 1956-57.

Experience shows that the same trend has continued even in the next decade. Even according to the Dhebar Commission Report, in respect of indebtedness, land alienation, forced labour, and illiteracy, the tribals continue to be the worst exploited. In Tripura, for example, a state with a majority tribal population, they have been reduced to the position of minority through the process of land-grabbing by non-tribals with the connivance of, and assistance given by, the ruling party.

Volume II, No. 2, of the Bulletin published by the Tribal Welfare Department of the Government of West Bengal points out that "large amounts of land have been alienated in the districts of Malda, West Dinajpur, Darjeeling, Birbhum, 24 Paraganas, Bankura, Purulia, Hoogly, Burdwan and Midnapore during the period 1956-1960" and that "alienation took place mainly from tribals to non-tribals".

It should be remembered that these transfers took place despite the Fifth Schedule of the constitution which protects the land of the Adivasis.

A large percentage of them are subject to feudal exploitation and slavery—such as the Mutadari system as in Andhra Pradesh. The Commissioner of Scheduled Castes and Scheduled Tribes in his 16th report (1966-67) refers to the survey conducted in the Chintapalle taluk of Visakhapatnam district. This entire taluk is a *'scheduled area'* in terms of the fifth schedule of the Constitution. In this area, the old Mutadari system

continued long after Independence and after so-called enactments of land reform policies. According to this Mutadari system, the landlord, i.e, the Mutadar enjoys rent free estates, but himself can collect exorbitant rents.

The Commissioner states: "In some muthas, the Mutadar charged rents worked on the basis of each plough used by the ryot for cultivation. While in the others the rents were charged on the basis of quantum of seeds sown". Mutadars have been progressively enhancing the rents in some cases. "Vetti (i.e. unpaid labour for Mutadar's personal service) and Mamools (i.e., an illegal exaction like *'Salami'*) have not yet disappeared completely."

The survey also revealed startling cases of land-alienation by deceiving the law: "It is irregular in the Agency area for a mutadar to be a party to the transfer of the land to plainsmen but with the assistance of Voora Munsiff (through whom Mutadars collect rent) land appeared to have changed hands".

It is not only the landlords who have been squeezing the tribals. Even the government have been evicting them for various reasons. We had noted how, in Lakhimpur and other forest areas, in U.P., the government scheme of land colonisation has helped landlords, high officials, and industrialists, to occupy thousands of acres of land to 'develop' that hilly area with the help of government finance. The following incident reported in Blitz in its issue dated April 4, 1970, reveals the fate of Adivasis and other agricultural labour in the hands of the government which talks of land reforms day and night but consistently carries on anti-peoples' policies in action.

Blitz, on April 4, 1970, reports that: "The recent decision of the Maharashtra Government to evict over 43,000 Adivasis from so-called *'forest lands'*, which they have brought under cultivation caused furore in state legislative Assembly last week". Vinayak Bhave, the author continues: "In Peth taluka of Nasik district, the Forest Department has so far collected over Rs. 35 lakhs from Adivasi landless for *'encroaching'* on forest lands and cultivating them".

"This amount," he writes, "is bigger than that spent by the government on the development and uplift of the Adivasis in that taluka". These incidents only once again highlight the growing gravity of the problem of rural landless in Maharashtra. Agricultural labour constitute 24 per cent of the total population and 34 per cent of the rural population in Maharashtra. In eight districts of Vidarbha region, and in five districts of Marathwada, landless labourers constitute 47 per cent and 39 per cent, respectively, of the agriculturists.

According to D. R. Gadgil, Vice Chairman of the Government of India's Planning Commission and an eminent economist, the average per capita income of an agricultural labourer is only 28 percent of the per capita income (Rs. 392) of the Maharashtra people as a whole. This means that an agricultural labourer in the State lives on a little more than 30 paise a day.

As a majority of agricultural labour belong to the so-called untouchable castes and backward tribes, along with economic exploitation, they are subjected to social oppression by rich landlords, who belong to higher castes.

"If they attempt to assert themselves economically and socially, they must be prepared to face ostracism, abuse, threats and assaults as well as police repression."

Apart from these labourers, 29 per cent of all the peasant proprietors in the state are so poor that they have to work for others as wage labourers apart from cultivating their own small plots of land.

"As though this is not enough, the government's policies have led to the expropriation of a large number of poor peasants and tenants, thus swelling the ranks of the landless."

Big land-owners, who constitute only 7 per cent of the cultivators' households, own 40 per cent of the agricultural land in the state.

As a result of all this, the number of landless rural labourers in Maharashtra is growing at an alarming rate. "While the total population of Maharashtra increased by 23.6 per cent since 1961, the number of agricultural workers increased by 93 per cent during the same period."

"The discontent already growing among them might lead to an explosive situation" concludes Bhave.

In an editorial, Indian Express of July 31, 1968, referring to "cases of mob violence at many places in the rural areas", warns the government that "an explosive situation might develop if the grievances of the tribal are not promptly looked into".

The editorial goes on to add that "the main grievance of the tribals relate to land. As Mr. S. M. Joshi told the Lok Sabha the adivasis are being thrown out of their lands in defiance of the law. Most of the trouble comes from the money-lenders who have been used so far to take over large areas of land from the gulliable adivasis in repayment of small loans."

Only recently, after the uprising of the Srikakulam tribals, laws have been enacted to abolish the Mutadari system. Of course, it does not mean that it has been implemented.

An upsurge of the tribals is already the order of the day, and they are already on the march; complete abolition of feudal land relations is the most urgent demand of the Adivasis. The demand can be realised only by organising them to take the law into their own hands and implement it by the united force of the movement.

The Government makes the dubious plea that it is spending hundreds of millions of rupees for the welfare of the tribals. By establishing separate panchayats and panchayat samithies for the tribals and separate constituencies for the Assemblies, the ruling class maintains that tribal welfare is its special interest. Scheduled castes and scheduled tribes are being shown certain special favour by the ruling class so as to create by these methods

a section of 'labour aristocracy' among them, who could reap certain benefits and rise above the level of the exploited classes, so that through their hold on the backward castes the ruling class can continue to exploit them more fully. The present-day labours of this class have learnt it as an art to dupe the agricultural labourers by these methods. A few jobs here and there, certain number of panchayat presidents, and members of the Assembly, creates the conditions for caste and political corruption to divide the ranks of the exploited classes, and to make use of this growing *'labour aristocracy'* for certain necessary pulls. It helps to create "status differences within the lower caste to play the role of the middle-man in the interests of wealthy and powerful high castes. As a writer in **Economic and Political Weekly** (January 8, 1972), put it :

> *To be sure the reservation of constituencies serves to focus public attention on a small number of scheduled caste candidates at every election and along with the other measures intended to benefit the Harijans, this too contributes to status differentiation within the lower castes.....:...other resources tend simultaneously to flow in the same direction : The man of political prominence may be nominated to the District Welfare Committee, charged with allocating land and other resources to Harijans, and the Committee members take good care of their close kinsmen. Further, his children are rather more likely to go through school and college and so avail of scholarships there and preferential treatment to government jobs later. [Hence the so-called special preference given to scheduled castes and scheduled tribes] creates a measure of wealth and power (for a few, but) the large majority (of scheduled castes and scheduled tribes) as well as the other poor continue to find the political system unresponsive to their wants.... None among them are ever bothered about the larger institutional machanisms of economic and social set up which underlie and renew the current inequalities nor are they prepared, due to their close contacts established in the process with the higher classes, to address themselves to the tasks of changing the totality of exploiting system to the one that would generate effective social, economic and political equality.*

This is exactly the purpose of the special schemes and institutions set up by the Government in relation to scheduled castes and scheduled tribes and to expect some good in the larger sense is a myth.

'Welfare' societies are a speciality of this country. Harijan welfare, tribal welfare, women's welfare leading up to the animal welfare in this god-fearing, acquisitive, society are numerous. Benevolence is the sacred path to Moksha. One cannot show benevolence unless there are poor and beggars. Therefore, to sustain the poor from extinction is a religious duty. And this duty is best performed in our society to the best of its ability through welfare schemes. And one such scheme was the tribal welfare scheme, A description of its functioning was provided by Blitz in its issue of July 31,

1971. This is an interesting and typical instance of welfare, enacted with fanfare by the state governments in India. This is a disgusting tale of corruption in the name of tribal welfare. No conspiracy case has ever been instituted against any of such crimes in our country.

Madhya Pradesh Tribal Co-operative Development Corporation, established in March 1960, "to achieve the urgent social purpose of saving from exploitation of the tribals who are over 70 lakhs in number (22 per cent of the population) of the state" according to Blitz of July 30, 1971, has come to grief after having squandered about Rs. 3 crores.

The corporation was to ensure :

(1) Proper supply of commodities of daily use at fair prices to the tribals;

(2) and reasonable price for the forest produce collected by the tribals.

"In the guise of supplying things of daily use to the tribals at fair prices, the corporation purchases everything under the sun except the commodities actually needed by the tribals every day."

For example, the corporation purchased rakhis worth some lakhs 60,000 terelyne suiting pieces costing more than Rs. 6 lakhs, terelyne shirting costing Rs. 3.45 lakhs, and another half a million rupees were squandered on the purchase of lipsticks, face powders, chocolates, costly crockery, and high quality tea and coffee.

Mr. Narohna, Blitz reports, who was appointed to investigate into the working of the corporation has calculated the loss incurred by the corporation to be Rs. 89 lakhs.

To achieve this brilliant result, the corporation spent lavishly on the establishment :

		Rs.
1965-66	.....	14,15,630
1966-67	.....	23,90,232
1967-68	.....	29,91,263
1968-69	.....	27,92,566
1969-70	.....	21,63,660

This reminds me of a description of the government of England by the famous writer Thomas Paine in his book "Rights of Man", for the publication of which he was charged with sedition in 1792, as the author and publisher of the book, and was sentenced to outlawry.

"That the Government of England" wrote Paine, "is as great if not the greatest perfection of fraud and corruption that ever took place since governments began, is what you cannot be a stranger to, unless the constant habit of seeing it has blinded your sense".

Do not such objective conditions lead to an explosive situation ? If they do who is responsible for it ?

It is with this general back ground that one must look at the growing discontent bursting into revolt under continuous provocation and high-handed violent activities of the landlords in connivance and support of the police. Such bursting of discontent, be it in Naxalbari, Srikakulam, Gopiballabpur, East Godavari, Mushahari, Lakhimpur, Khammam, Warangal—everywhere the same pattern of local people dislodged from lands, illegal exactions of mamools, forced free labour, unimaginably low wages, extremely high interest rates, are fleecing the people to their bones. The Communists in all these areas are doing the legitimate duty of organising these girijans to fight for better wages and for land, and to abolish feudal exactions like free labour, low wages, false measures, and mamools. In the process, it is the landlords' violence that they have to encounter first. The support always, in every area, of the police and the government is on the side of the landlords. Such has been the story everywhere.

To take the Srikakulam girijan peasant revolt as an instance for a short review would reveal truly who are the actual conspirators—the revolutionaries who stood by the people on the degenerate landlords and their representatives in the government. The short note below, mainly in the form of extracts from daily Press, which are generally anti-communist, should clearly prove that the girijan peasants had no other way except to counter landlord and government counter-revolutionary violence with the revolutionary violence of their own. It will clearly point out how the landlords in their every day relations with the people behaved mercilessly and illegally. And yet, every one of their illegal acts were condoned by the landlord government. It will clearly reveal how the landlords were never bothered with the constitutional rights and privileges of the girijans incorporated in the fifth schedule of the Constitution, since the landlords know that any constitutional privilege to any section of the people, which goes counter to the interests of the landlords, is a fake. And they proved it in action. The landlords knew that power is held only by those who wield the gun and used it mercilessly. Thereby they taught this historic truth to the innocent girijans. The government, by standing always on the side of the landlords and acting always at the behest of the landlords, taught them the lesson that this government will not only come to its rescue against landlord goondaism but will itself adopt worse methods in the interests of the landlords.

More than what the communists taught them, experience was the best teacher. Revolutionaries only pinpointed these multi-faceted truths on the basis of the multi-faceted experience of the girijans themselves.

The following recitation of facts, as was reported in the *'respectable'* Press, will reveal the truth that *"the times of superstitution which attributed revolutions to the ill will of a few agitators has long passed away. Every one knows now-a-days that, wherever there are revolutionary convulsions, there must be some social want in the background, which is prevented by outworn institutions, from satisfying itself."* (Marx; "Revolution and counter-revolution")

Revolt in Srikakulam

Times of India, writing a review on the girijan revolt in Srikakulam, pertinently begins : "Rendered desperate by their misery, and the harassment of avaricious plainsman, the girijans of Srikakulam have turned to violence to avenge their wrongs." (January 4, 1970).

Its history of struggle, which has blazed the truth that taking up arms is the only way out for the downtrodden, uprooted, peasantry in our country, is essential at the moment.

Conditions of the people

(1) "The economic life of the people is alarmingly miserable. While some of the tribals live on shift cultivation (podu) some others depend on the sale of forest produce such as tamarind, which they barter at weekly shandies or sell them to their regular customers. It is said that a manad of tamarind is exchanged for a kilo of salt or a small bottle of sweet oil."

Agricultural labour is the main occupation of the girijans. "The daily wages of these men range from 20 to 40 paise. The normal food of these people is gruel made out of tamarind seed powder."

It is said that money-lenders from the plains pay Rs. 10 to girijans and obtain a promote for Rs. 100 or more, and sometimes even signed blank papers. Whatever amount is paid is credited as interest. They are shown huge debts against them and are asked to part with the piece of land they possess. If not, they are evicted from their lands with the connivance of the local police and revenue officials."

In a bid to prevent the plains people from grabbing the lands of girijans in the Agency area, a legislation was passed as early as 1917. This law warrants prior approval of the district Collector for land alienations. But, unfortunately, all these years it was honoured more in the breach. The administration machinery does not exist as far as land transactions in the tribal areas. Benefits of Independence for the tribals have been almost nil.

Though crores of rupees are being sunk in the name of tribal welfare under the five year plans...nobody knows where all this money has gone...The government have been oblivious to their responsibilities towards these virile colourful sections of the people until they got Naxalite jolt.

As a result, the girijans know the government only in the form of forest guards, who obstruct them from carrying firewood from the forests, unless of course their palms are greased.

The tribal finance and development corporation could not play its role to help the girijans, inhibited as it is by the corrupt and even corrupt staff.

(Daily News : March 14, 19

(2) The Times of India in its report on '*Revolt in Srikakulam*' dated January 4, 1970, speaks of :

"The long-standing grievances of the tribals, called girijans, who have been ruthlessly exploited for decades by merchants and the money lenders from the plains; "forest guards, who behave with them like little hitlers"; "plains' merchant who buys the forest produce for a song and in times of needs lends them money at exorbitant rate of interest" resulting "invariably", in girijans "losing his land to the money lender"; "vast stretches of land passing into the hands of the plainsman who went and settled in the Agency areas"; "the plight of tribals who are being paid 25 paise a day by land owners for working in the fields"; "merchants fleecing the illiterate, unsophisticated tribals", who were paid "a pittance for the forest produce brought by the girijans and make fabulous profits"

The reports in the Press, as early as in 1968, spoke of the unexampled wretchedness of the life of the girijans, unending exploitation of these tribal people, unhindered by any law of the country sowing seeds of discontent, and finally provoking them to revolt due to the brutal behaviour of the government and open declaration of war by the landlords.

(3) The special correspondent of the Hindu reports the "tension in the area" which "has been mounting after an incident in the Levidi village....where two persons were shot dead in October 1967 by the landlords. The following facts regarding some issues of the area were published by it in February 1968 :

"Basically the present tension springs from an agrarian problem ... Several plains people settled down at the foot of the mountains as moneylenders. The hill lands passed to them slowly, either because the girijans could not redeem the mortgages or because the landlords themselves exploited the illiteracy of the girijans and now show documents in their favour.

Hindu, again, reporting in March 1968 says : "The girijan unrest in the Agency villages of Srikakulam district, that came to the surface in July last year has brought into focus the failure of the government and voluntary agencies pogramme dealing with the tribal welfare".

"The last census shows that there were 12 lakhs girijans in Andhra Pradesh and that 97 per cent of them were illiterate. In Srikakulam district, the predominant community is Savara tribe and the census showed that out of 68,000 Savaras in the state only 3 had a qualification equal to matriculation and only 103 had schooling upto the primary state level. Officials say the picture has remained much the same today."

"It is a general feeling now among the officials and the public in the District that it would be better if at least a beginning is made to solve the many problems the girijans have been facing all these years. The problems are mainly agrarian, such as land ownership and higher wages; but there

are other problems such as bringing to the girijan communities ideas regarding sanitation, better food habits, elementary education, etc. These problems were never seriously considered before, in spite of several measures aimed at girijan uplift."

(4) **Andhra Patrika** of March 25, 1968, in a special report on **'Problems of Srikakulam Agency'** says :

"It is the failure of the government to implement Andhra Pradesh Scheduled Areas Land Transfer Regulation Act, 1959, that has been responsible for the present tension in the area".

"The people from the plain areas have illegally occupied the land which has been in the hands of girijans for hundreds of years."

"At present in Srikakulam Agency area, if hundred acres are owned by the peasants coming from the plains, the girijans own only one acre".

"There are 80,000 girijans in Srikakulam Agency area The landlords who got 'free labour' from these girijans prepared the ground for the communist propaganda." "In this area, landlords who came from the plains and grew affluent, have influence in the goverament. The officials played to the tune of the landlords....The more the landlords from the plains and the police use force to control the present situation, the more the girijans will get provoked....Therefore, unless the land occupied by the people of the plains is surveyed and pattas granted to the girijans, the efforts to establish a girijan raj is inevitable".

(5) **Link**, March 17, 1968, says : "Exploited for generations, the tribal population of Parvathipuram, in the Northern District of Srikakulam bordering Orissa is now feeling the urge to free itself from economic and social exploitation"

"Parvathipuram Agency is reputed for its abundant forest wealth. Rich landlords from the plains and middle-men have traditionally been living on the toil of the girijans. A few years ago, Left communists organised them and launched movements against landlord exploitation. But precious little was done by the administration to ameliorate their conditions, despite the ambitious welfare scheme."

"Frustrated and angered by the collusion between petty revenue and forest officials and the landlords, the tribals have taken to struggle. Gone are the days when the girijan used to run away at the sight of the plains people". "During the last 3 months there have been over hundred incidents, big and small. For months prohibitory orders under section 144 were enforced in scores of villages. On two occasions the police had to open fire."

(6) **Times of India**, March 22, 1968, says :

"In recent years the plains people have moved into a part of the tract."

"They have become land-owners, moneylenders and petty shop-keepers. This has hardened the tribes men's suspicion of the plains people. The latter now employ the tribals as farm labour on low or minimal wages. They lend money at usurious rates of interest and employ harsh methods to claim the ever-mounting interests".

"The agrarian discontent which the Left communists are now charged with fomenting has, therefore, a real base. So far the police has found it easier to side with the plains people in their frequent quarrels".

(7) Statesman on *'Girijan Revolt'* published two special articles from a special correspondent, V.M. Nair, on April 11 and 12, 1968, in which it is said :

"Plains men who moved into the tribal reserve as merchants money-lenders and contractors exploited this basic weakness (of addiction to drink), lent them money, and gradually bought out their lands, often for a pittance. Today practically all the fertile wet lands in the reserve area are owned by these self-styled landlords whose average holding ranges from 5 to 90 acres."

"Long after independence these petty landlords continued to exploit the girijans, paying them no more than 4 annas for a day's work in the fields. Communists moved into the area and began organising the tribals. The landlords, mainly claiming to be Congress men and supporters of the ruling party, retaliated, often through unfair means, to smoothen the growing restiveness among their vassals".

"Local officials were influenced into inaction. Two prosperous ryots of Gumma Lakshmi Puram, I was told, even saw to it, that a tribal labour co-operative was not awarded any contract by the Block Development Officer although there was a specific government direction to encourage such co-operatives."

"No political party apart from the Communists made any effort to redress the girijans' grievances against the landlords—On the contrary, they (other political parties) relied and continue to rely heavily on the police to keep the tribals in check".

Communists and the Girijans

"By 1955, the Communists moved into the area and began organising the tribals...the Marxist Communists in the Girijan belt have clearly won their point by forcing an increase in the wages of tribal labour and creating a feeling among the landless that they can get land."

"This has emboldened the Communist leadership in the area to give a call for the expulsion of all the plainsmen from the region and the restoration of all lands to the tribals. The Communist argument is that these lands were 'purchased' from the girijans in the first place by violating the Land Regulation Act of 1917 which prohibits the transfer of land to outsiders except through an auction or in pursuance of a court decree."

"At least a partial acceptance of this argument is implicit in the state government's decision to appoint a Special Officer to investigate all complaints of wrongful acquisitions of land."

"The demand for a blanket ban on plainsmen has become the pretext for an equally extreme and untenable reaction by the landlords whose previous record has been unsatisfactory. Having organised themselves into a Ryots Sangam, the landlords are now resisting even the legitimate and long overdue process of restoring to the tribals the land which they have been deprived of illegally and fraudulently."

Over the past 8 years, the Communists have "Successfully organised the girijan agricultural workers into a militant enough body to be able to extract a substantial increase in their daily wages, and otherwise demonstrated how systematic and sustained propaganda can transform even the most harmless aboriginals into a dangerously rebellious group."

"No political party apart from the communists made any effort to redress the girijans grievances against the land lords."

"The Congressmen of the area were largely identified with the landlord class....they relied and continue to rely heavily on the police to keep the tribals in check."

"In sharp contrast, the Marxists moved into the mountains, lived with the tribals, and identified themselves with their aspirations and hopes. Top Communist leaders toured the area exhorting the girijans to rise against the exploiting landlords."

"An association called Srikakulam Girijan Association was formed, ...They succeeded in bettering the lot of the lowly and exploited tribe. Today girijan labourers in Elwinpet and Parvathipuram get the highest wages in the area, ranging from Rs. 3 to 8 in paddy for a day's work"

LANDLORDS' HIGH HANDEDNESS : "Indeed it is possible to argue that the unthinking militancy of the landlords not only triggered off the tribal unrest but also provided a justification for the Communist tactics."

"Although the landlords' high handedness are many, it was an incident on October 31, last year, that sparked off the revolt.... On that day, a group of slogan-shouting girijans on its way to a Marxist meeting were beaten up by landlords. When the girijans fought back, some landlords brought their guns. Two girijans were shot dead on the spot."

From the earliest days of the Girijan Sangh, the landlords started to thwart its activities in all deceitful and brutal manner. As early as in 1960, they tried to murder Comrade Vempatapu Satyanarayana, even by then the most popular personality amongst the girijans. Because of utmost vigilance he escaped from the dastardly plan. Within a short period after that, the landlords tried to beat up Comrade Adibatla Kailasam in

Pedakherja village In 1964, the President of Mondemkal gram panchayat was severely assaulted in broad daylight by the appointed gangsters of the landlords. In the same year, when one of the activists of Girijan Sangh, Comrade Vallabhudu, visited Gumma Lakshmi Puram, he was also brutally assaulted till he fell down unconscious. Feeling confident of police support to them, the landlords, under the leadership of the well known rich gangster Madidha Sathyam, attacked a procession of the girijans who were proceeding to a public meeting to ventilate their demand for higher wages. It will be interesting to note that the very people who were assaulted, including Comrade Ramalinga Chary, were charge-sheeted. On May 13, 1967, as Comrade Vempatapu Satyanarayana was sleeping in front of his house, the farm servant of Medidha Sathyam along with another person came to murder him. Luckily, the owners of another house who were awake shouted to put them on their heels. On July 19, 1967, Pempeni Suri and a few others waited to shoot Comrade Vempatapu Satyanarayana. Knowing their plan, he avoided their hide-out and escaped being shot down. On the same day, three girijans, Mandangi Govindudu, Chiddika Mangadu, and Arika Buddadu, of Kotpadu colony were severely assaulted in Gumma Lakshmi Puram. Immediately after this incident, the agents of the landlords began parading openly announcing that they would murder Comrade Burasanna, an activist of Girijan Sangham. The agitated girijans mustered their strength to face them and they took to their heels. On July 20, 1967, when Girijans of Morama village— Tadaki Bapanna, Chowdangi Dhandani, and another woman—came to Gumma Lakshmi Puram for some purchases they were also severely beaten. These are only extremely few examples of hundreds of such instances of landlord high-handedness during these years.

Police Repression

During the early period of the formation of Girijan association and legal, peaceful, agitation and struggle against illegal exactions of the landlords and their high-handed violent behaviour, what was the attitude of the Government and its police? Did the Government and its law and order agency, the police, ever bother to enquire into the charge of the girijans that forest officials are illegally exacting not only forced labour but also mamools from the uneducated girijans? Did the Government ever try to find out the truth of the allegation of the girijans and their organisation—the Srikakulam Girijan Sangh—that the landlords and the traders are deceiving the girijans with small illegal measure when they pay them and are exacting unheard of interest on the loans to fleece them to their bones? Did they ever bother to check the landlords' high-handed confiscation of the forest produce of the girijans at the lowest of the low rates in the name of having aided them with loans even though the law prohibits anyone, other than the girijan marketing society, from purchasing them from girijans? Not only were the girijans looted with Shylockian interest rates, but even their lands became landlords' property against all cannons of the law promulgated by the government. Did the police in all these

years ever entertain one complaint of girijans and their organisation—the Girijan Sangh — and take action against the landlords for their brutal violance against the girijans?

No. On the other hand, in all these years, on the basis of the reports from the landlords, extreme repression was instituted against thousands of girijans and the organisers of Girijan Sangh. Innumerable cases were filed against girijans. Thousands have trekked the path from their home to the Courts. Thousands more were sent to the jails. New police outposts were opened in Mundemkallu and Neelakantapuram. In the period of transplantation and harvest it had become a common sight of encampment of the reserve police in that area to strike terror in the hearts of the girijans who were fighting for their justifiable demand of increase in wages.

It was under such landlord high-handedness and police repression, that the girijans firmly united in their fighting organisation the Girijan Sangh, under the leadership of the revolutionary-minded Communists, won remarkable successes on various issues. Forced labour and labour given free were abolished. Mamools to forest and other officials were annulled. Wages were increased. High interest rates were brought down.

Such were the memorable victories, that the landlords, in close co-operation with the government had decided to put an end to this growing revolt of the girijans for ever. The year 1967 is a memorable year which led to total armed revolt of the girijans against armed attacks of the landlords and the government. The peaceful agitation of the girijans was forced into the historic armed revolt of the Srikakulam girijans.

In the sowing and plantation season of 1967, the girijans under the leadership of Girijan Sangh announced the wage rates which the girijans demanded from the landlords Meetings and processions proclaiming the new rates were the order of the day. Having noted the victories of the united and the fighting girijans, the movement spread to new areas like a tidal wave. The landlords were flabbergasted. The movement even spread to Gumma Lakshmi Puram, the citadel of the landlords of the area. Nefarious plans were secretly hatched by the landlords. The landlords of Gumma Lakshmi Puram actually became mad. One of the cattle sheds of the landlords was set on fire as per the plans hatched by the landlords. Reports on *'Communist arson'* flew into the police station. Direct attacks on the girijans were started. The landlords visited Hyderabad. Additional police force was injected into the area. Section 144 was announced in 200 villages (including girijan gudems) of this mountaneous area from July 24 to August 25, 1967. In Gumma Lakshmi Puram and Lakkaguda, police parades and marches became a daily occurrence. Police atrocities and landlord violence increased phenomenally. The innocent and uneducated girijan was learning political lessons out of this experience. The experienced teachers—the landlords and the government—vastly extended

and improved the education of the illiterate forest tribes during this short periodofa few months by their co-ordinated offensive against the girijans.

Even under all these provocations the united militant Girijan Sangh continued its activities and extended its sphere of influence. In these few months of immense activity for increased wages and land, hundreds of girijans were beaten. A few more hundreds were taken to the police station to terrorise and torture them. A few girijan activists were arrested, including Comrade Appala Suri, Secretary of the District Agricultural Labour Union.

Thousands of instances of brutal terror by the landlords could be given. I believe these are enough to show the trend of events in that area which led to the armed retaliation of the girijans against the landlords.

Democracy in Action

It was in such circumstances, leading to a dangerous situation, that on August 16 in a press conference, I had deplored the promulgation of section 144 and the beating up of a large number of people under the "direct instigation of the landlords" (Indian Express August 18, 1967). Express reports that I had "appealed to the Government to withdraw section 144 and stop police repression to create proper conditions for an impartial and truthful enquiry".

In direct reply to this statement "a spokesman of the Srikakulam District Police" announced through the Indian Express under the dateline August 20, from Vijayanagaram, that the "Left Communists are responsible for the present trouble in the Agency area of Parvathipuram taluk", and that they "began inciting the farm labourers to revolt" and that "the wages demanded by the labourers for transplantation were very high"

Thus the police, through this statement, not only became politicians but also proved themselves to be the agents of the landlords. They openly came out against the demand of the girijans for increase in wages and openly supported the landlords who wanted the status quo to be maintained. This statement of the police spokesman talked about "China Party" and of processionists "shouting violent slogans and threatening landlords with violence".

Thus my request to the government for an impartial and truthful enquiry got rejected through a petty police official turned into a politician. This only emboldened the landlords to turn to still more violent activities leading to unprovoked shooting down of two girijans in October 1967.

After the shooting down of the two girijans, instead of action being taken against the landlords, the law and order department from top to the bottom moved swiftly against the girijans and the Communists. Inspired stories about girijan lawlessness were set afloat. And every conceivable repression was implemented. As Hindu reported in February

1968, "tension in the area has been mounting after the incident in the Levidi village (about a mile from Gumma Lakshmipuram) where two persons were shot dead". It was clear even from the report of the Hindu that the tension in the areas has been mounting after the shooting down of the two girijans by the landlords and the government's failure to take any action against those who are responsible for the death of the girijans. It was known to every person in the area that the landlords who had actually shot down the two girijans were moving about freely, living in their homes and yet the police did not care even to arrest them.

It was in such circumstances that on March 4, 1968, I had "warned the government that feudal elements were raising their head again in the villages and indulged in atrocities" (Hindu March 6, 1968) and that "if this was allowed to continue dangerous consequences would follow." (Deccan Chronicle March 6, 1968). And I demanded an investigation into these incidents.

In addition to thousands of arrests of the girijans, looting of their homes and molestation of women indulged in by the police and the landlord goondas, the girijans were shot dead again, this time by the police in Pedakarya village in the first week of March 1968, killing two of them on the spot and injuring a few others. I had reported in the Assembly at the time that no less than 3,500 girijans were arrested on various false charges (Andhra Jyoti, March 6, 1968). Again, within a few days, a demand was made for "an enquiry into the unrest and the series of incidents that were taking place in that area" (Deccan Chronicle, March 9, 1968). Again it was rejected by the Chief Minister and his only answer was that "the Left Communists stop their activity" and that "peace must be there at any cost" (Hindu). As things were moving dangerously close to the terror witnessed in the Nazi concentration camps, and the despoilation of the villages by the landlords and the police as in South Vietnam, again the demand for an impartial investigation was made on the basis of the reports of police goonda atrocities in Borraguda village where innumerable number of women were molested. This demand supported by all the opposition parties was again rejected by the Chief Minister on the plea that "it was not the time now for a committee", and that "the problem in Parvathipuram tribal Agency was primarily a law and order problem."

(Indian Express, March 13, 1968).

Even the bourgeois Press felt the imperative need for an enquiry. In a review on the Assembly proceeding Deccan Chronicle had written that, "there was perhaps a case for an all-party probe into the incidents Mr. Nagi Reddy reffered to. Truth has to be established by an impartial body not merely for the satisfaction of the Marxist leaders but also for all those interested in the rule of law." (March 12, 1968).

The Times of India on March 22, 1968, reporting on the proceedings of this Assembly remarked "that the Chief Minister has presistently turned down an opposition demand for a judicial enquiry into a series of

incidents in Srikakulam" and "angrily the Chief Minister told him (meaning Nagi Reddy) that any further deaths in Parvathipuram tribal area due to police firing or skirmishes would be the responsibility of the Communist Marxists." The brutal plan hatched by the government of Andhra Pradesh to massacre the people of the Agency area was laid bare for all to see. As the Times of India reported "so far the police have found it easier to side with the plains people in the frequent quarrels" it was plain to see that the Chief Minister's announcement only gave an open expression to what was already taking place in the area and to carry it forward to the bitterest end.

I have had to re-trace this recent history to show how it was the government and the landlords that had consciously conspired against the people to suppress their organised fight for their legitimate demands. It was the government and the landlords who used all the illegal methods against the people. It was the landlords and their gangsters that created terror in the villages. It was the landlords that used lethal weapons including guns for the first time against the people. It was the police who opened fire on the girijans. It was the landlords and the government that openly declared war on the peasants.

It was only when the peasants found that every legal agitation only brought forth illegal brutal means of repression on their heads that they woke up to the realisation that the landlords' government had no legal bounds in putting down the downtrodden, however legal their demands be. They saw that all their representations to the government on the illegal means of extraction of free labour and mamools to the landlords and the government officials went unheeded. Their representations about abnormally low wages were not even enquired into. Their petitions and agitation against illegal confiscation of land by the landlords did not move the *'constitution-bound'* rulers. On the other hand, illegal cases, illegal arrests, tortures and shootings against the people became the order of the day.

I would like to ask who were the conspirators? Was it the people who fought bravely against illegal, immoral desperados of the despicable landlords and their servile government? Or was it the government and the landlords who for the past so many years acted against all the so called canons of the Constitution, not only robbed them of their land and labour but visited them like the plague with all the Nazi brutality with illegal arrests, tortures and finally started the shooting game to destroy their will to fight?

For the present, there is jubilation heard from all the bourgeois parties and their servitors over the temporary setback to the great resistence put up by the girijans. Forcible repression might have temporarily succeeded. But I can do no better than quote Marx and Engels who, on the basis of the experiences of the 1848 Revolution, in general, and of the German Revolution, in particular, wrote in "Germany: Revolution and Counter-Revolution" as follows:

"A more signal defeat than that undergone by the continental revolutionary party—or rather parties upon all points of the line of battle, cannot be imagined. But what of that ? Has not the struggle of the British middle classes for their social and political supremacy embraced forty-eight, that of the French middle classes forty, years of unexampled struggles ? And was their triumph ever nearer than at the very moment when restored Monarchy thought itself more firmly settled than ever ?" "If, then, we have been beaten we have nothing else to do but to begin again from the beginning. And, fortunately, the probably very short interval of rest, which is allowed us between the close of the first and the beginning of the second act of the movement, gives us time for a very necessary piece of work; the study of the causes that necessitated both the late outbreak and its defeat, causes that are not to be sought for in the accidental efforts, talents, faults, errors or treacheries of some of the leaders, but in the general social state and conditions of existence of each of the convulsed nations....When you enquire into the causes of the counter revolutionary successes, there you are met on every hand with the ready that it was Mr.This or citizen that,who 'betrayed' the people.Which reply may be true or not, according to circumstances, but under circumstances does it explain anything—not even show how it came to pass that the 'people' allowed themselves to be thus betrayed. And what a poor chance stands a political party whose entire stock-in trade consists in a knowledge of the solitary fact that citizen so and so is not to be trusted."

Therefore, temporary setbacks should be used by the revolutionaries to study deeply every aspect of the movement and come to certain broad conclusions, to gain valuable experiences to broaden and intensify the struggle. Let the counter revolutionaries and the ruling class shout temporary jubilation from every available house-top! But the revolutionaries know it to be only short lived. He who laughs last laughs best. That was why Marx and Engels remarked in relation to the restoration of monarchy between 1640 and 1680 in England and between 1729 and 1830 in France : "And was their triumph (the triump of middle classes ; Tr.) ever nearer than at the very moment when restored monarchy thought itself more firmly settled than ever ?" The bourgeois-landlord government after un-heard-of terror, not even experienced in the period of direct rule of the British, has temporarily felt jubilant at a fake victory over the people, and is thinking of being "itself more firmly settled then ever". In this "short interval of rest", it is the duty of the revolutionaries to historically and self-critically analyse these five years of the glorious period of convulsions. As Marx said, "the enquiry into, and exposition of,

the causes, both of the revolutionary convulsion and its suppression, are besides, of paramount importance from the historical point of view." (Karl Marx, "Selected Works" Lawrence and Wishart Ltd., Volume II June 11, 1943, Page 41)

There will be many, like the revisionists, who will proclaim the *'unsuitability'* of peasant agrarian revolution at this moment and try to spread demoralisation and disintegration among peasant masses and cadres, taking advantage also of the savage repression let loose by the big bourgeois-landlord government. But the revolutionaries who are aware of the growing all round economic and political crisis which the bourgeoisie is facing today, know that its days of jubilation are short lived. The revolutionaries must keep in mind and work according to the behests of Lenin, who proclaimed in 1907 as follows :

"Let it not be thought that, at the present moment of history, when the Black Hundred diehards are howling and raging in the Third Duma, when "plus ultra" of rampant counter revolution has been reached and reaction is perpetrating savage acts of political vengence upon the revolutionaries in general and the Social-Democratic deputies in the Second Duma in particular—let it not be thought that this moment is 'unsuitable' for 'broad' agrarian programme Such a thought would be akin to the backsliding, despondency, disintegration and decadence which have spread among wide sections of petty bourgeois intellectuals who belong to the Social Demoaratic Party, or sympathise with this party in Russia. The proletariat can only gain by having this rubbish swept clean out of the ranks of the workers' party. Yes, the more savagely reaction rages, the more does it actually retard the inevitable economic development, the more successfully does it prepare the wider upsurge of the democratic movement. And we must take advantage of the temporary lulls in action critically to study the experience of the great revolution, verify this experience, purge it of dross, and pass it on to the masses as a guide for the impending struggle". (Lenin : "Agrarian Programme of Social Democracy", "Collected Works", Volume 13, Page 429).

During this period of confusion, inevitable at a time of savage acts of political vengence by the bourgeois landlord government, certain sections of the revolutionary movement slip out and betray it in various forms. There will be many at this hour who will justify their revisionist role by proclaiming the *'unsuitability'* of peasant actions for peasant agrarian upsurge. Taking advantage of temporary lull, they will use all methods, in addition to government repression, to disrupt and demoralise the revolutionary ranks. It is the duty of the revolutionaries now to analyse and explain the experiences of the great struggles that have taken place, to prepare for further implementation of the agrarian programme by directly taking these experiences to the masses for the preparation of the impending struggle.

WHITE TERROR

Most parts of India are living in the midst of terror let loose by the landlords and their gangs in the rural areas. A few examples collected from the respectable Press were cited to show the growing ferocity of feudal landlordism in India. I have not so far heard of any severe action taken by the government against them except in the case of one or two when they were very respectably taken into custody to temporarily assuage the commotion that was apparently visible at the inaction of the government. Never has one come across a police party raiding the houses of landlords who have been responsible for hideous crimes committed by them against the rural poor. But, in addition to the violence let loose by the landlords, the government has proclaimed whole districts and large areas as — *'disturbed areas'* and handed them over to the Central Reserve Police and in some areas to the army itself. And this government, which swears by the Constitution has every hour and every minute of every day been acting openly, unscrupulously and unashamedly against the Constitution.

I had brought to the notice of the court how the bourgeois landlord government broke through the legality of the Girijan struggle and adopted all the illegal methods. When the government found that "this growth going without interruption until of itself it gets beyond the control of the ruling governmental system," and finding that this struggle is getting "firm muscles and rosy cheeks and look like eternal life," "then nothing else is finally left for them but themselves to break through this legality so fatal to them." (Engels). "Breach of the Constitution" without proclaiming it became the policy of the government. As Engles has said, "if, therefore, you break the constitution of the Reich, then Social Democracy is free and can do." (*"Introduction to the Class Struggles in France"*; Karl Marx: *"Selected Works"*, Volume II, Lawrance and Wishart pages 189 and 190).

It is my duty now to show to the court how this government has been breaking through the constitutional facade to creat terror to submerge growth of the revolutionary tide sweeping the country. Let me recount a few examples of the criminal actions of the government in a few states, before we enumerate the fascist methods adopted in our state.

KERALA

"Report alleging that Kunnikalite leader, A. Verghese died while in police custody have stirred on ugly rumble, which threatens to blow up into a big scandal."

"Police sources claim he was killed in an encounter. The local people have, however, a different story to tell. Verghese, according to them, was reportedly sleeping in a hut when he was surprised by the police. Verghese did not offer any resistance. He was arrested near Manatody on the morning of February 18, it is reported."

"Many tribals allege that Verghese, was tied with a rope and dragged across the hilly tract. That evening came the shocking news of his death."

"The cause of his death calls for an immediate high-level probe if only to allay the uneasy suspicions in the minds of the people, especially the tribals among whom he lived and worked during the last two years of his life." (Blitz : March 7, 1970).

This gruesome incident in Kerala took place under the benign rule of Achuta Menon, the Chief of Kerala Communist Party (Revisionist); the minimum that one expected of this government was the immediate institution of a committee to probe into this ghastly incident. But probably to prove his loyalty to the ruling Congress which seated him in power and to save the other governments in other states from embarrassment, the Revisionist-led government, as all other governments of other states, condoned this savagery

PUNJAB

The following news appearing again in Blitz is a replica of what has been happening all over the country, except that the leaders of all the important parties—Communist Party of India (Revisionist), and Marxist Communist Party (Neo-Revisionist), along with the Chief of the Pro-Indira Congress, and a leading Akali Leader — demanded a Judicial probe. Of course, it never was held and the demand was left to die a natural death.

"The story spread by the Ropar police, that the death of the so-called Naxalites was the result of their encounter with a police contingent seems unconvincing.

"According to the Superintendent of Police of that District, five persons Dilbarasingh Rashidpur, Ujjar Singh Dadowali, Balwanth Singh Kher, Dayasingh Kharwar, and Hari Singh Margindpur, were killed in an engagement with the police party, headed by the S. P., himself. The incident reportedly occured on the morning March 26, six miles from Ropar.

"Blitz learns that all the five persons were rounded up by the police the previous night from their respective homes.

"For instance, Pritam Singh of Bandowali village, alleged that his brother, Ujjar Singh and his father, Sawan Singh were taken away from their village at 8 p. m. on March 25 by a raiding police party.

"Pritam Singh sent a telegram, two hours later, to the Governor, the Inspector General of Police and the Additional Inspector General of Police informing them of their arrest. The post and telegraph department certified the despatch of the telegram at the indicated hour.

"One of those killed, Mr. Hari Singh Margindpuri, was an 80-year-old veteran of the freedom movement, was a diabetic patient, and could not be expected to have participated in guerilla activities.

Mr. Avtar Singh Malhotra, Secretary of the CPI, Mr. Satwant Singh, CPM leader, Giani Zail Singh, Chief of the pro-Indira Punjab Congress, Mr. Ajaib Singh a leading Akali leader of Ropar District presented memorandums to the Chief Minister and the Governor to bring to his notice the widely-held suspicion and demanding a judicial probe." (Blitz: April 18, 1970).

WEST BENGAL

West Bengal has become the centre of most unbelievable atrocities committed on the largest scale. The following news is a mass-scale savagery.

'Frontier, in its issue of May 23, 1970, reports as follows: "About 2,000 Naxalites are reported to have been arrested by the police in two months of President's rule in West Bengal..... Its reluctance to divulge the names of those arrested, especially of the 'top' leaders who are claimed to have been caught in the dragnet, may have more sinister implications. Normally, the names should have been announced gleefully; Governments are not known for reserve when collection of kudos is involved. The self-denial may mean that it does not want the public to know who have fallen into police clutches so that it may not have to answer for the fate that may overtake some of them. The horrid tales of torture in police custody that are circulating suggest that there is need for such precautions. They have come to light because the government has not been able to prevent bail to all. But there must be untold stories also; for people suddenly whisked away and detained in secrecy cannot tell their tales, nor dead men."

"The government is not yet done with the round-up. Arrests are continuing."

There can be no count as to how many tens of thousands have been arrested in Bengal so far, as to the thousands of them tortured and finally murdered. All those conscience-stricken democrats who shed tears at the brutalities in East Bengal committed by dictator Yahya Khan, have not uttered one word of protest at the State terrorism against ten of thousands of people in West Bengal probably because there is a difference between democratic torture and dictatorial terror !!

Again, in its issue of June 6, 1970, Frontier reported that "the treatment they mete out to most of the arrested is barbarous. Meet some of those who had been released on bail, and they will tell you what is happening. The details are sickening. The Berhampore incident last week brought to light the torture of an arrested government employee. If one thinks that the arrests have, in most cases, anything to do with specific charges, one is living in a world of his own."

"The police repression in the countryside is immense."

A letter published in Frontier dated 27, 1970, from several mothers of undertrial prisoners in Midnapore Central Jail gives out the conspiratorial brutality perpetrated in the jails where revolutionaries are lodged in West Bengal. The letter—part of it—is as follows :

"After the incident involving Naxalite prisoners and Mr. Daben Das, M.L.A., who used to visit the jail, we made repeated attempts to see our sons, but all our entreaties were rejected. Most of the injured are in jail hospital. According to old convicts, 400 are seriously injured, 80 are being given oxygen and blood transfusion. From the noon of June 16, we have seen car loads of doctors and bandages and medicines going inside the jail. The Eastern Frontier Rifles men were called in to beat up the prisoners. Why can't we see our children ?"

I wonder whether in the period of colonial regime at any time and in any province, the army was called into the jail to beat up the prisoners. That was a colonial regime and I forget this is a democratic regime ! In democracy mothers have no right to ask to see their children !

So, further arrangements were made to shift some hundreds of detenus from West Bengal to jails in far-away places, like Tamil Nadu and Kerala, cutting them off from their families. People's Democracy, January 16, 1972, published that "handcuffed and bound together by coarse rope, these detenus were subjected to a brutal police lathi charge in front of the main gate of the Cuddalore jail in Tamil Nadu. Several were injured and several were trampled upon.'

What is the difference between Nazi prisons for Jews and Indian prisons for Naxalites ?

Raid on University Campus

Nothing is sacrosanct. Temples of learning are no matters of concern for brute force. The following news from the 'respectable' New Age which firmly supports Indira Gandhi and her progressive party, gives a glimpse of how Bengal has been treated by Central Reserve Police—the army of occupation :

"The CRP men have again run amuck. On July 24, they raided the Jadavpur University campus, firing and beating teachers, students and employees of the university at random. Atleast 160 persons, including three girl students have been seriously injured and had to be removed to hospital.

"B.C. Kunda, Deputy Registrar of the University, told reporters, that there was absolutely no provocation from the students and the staff.

"The studeats were having a meeting in the administrative building to discuss some question regarding their examination. The staff were also having a separate meeting in another wing.

"Without any warning the CRP men attacked the campus. They came in three groups, entered the meeting halls, and mercilessly assaulted whoever they could lay their hands on.

"While the law and order situation has gone worse, after several batallions of CRP have been brought into the state, the CRP are behaving like an army of occupation.

"Only recently they went on rampage at Durgapur. They have killed a pregnant woman at Hamnipota and raped a number of women at Jarmajgram."

An army of occupation is supreme in its power. It is above every norm of common morality. Its supreme task is to save democracy and the rule of the constitution In the process, even if the Constitution is buried hundred fathoms deep, is not its concern. After all, the Indian ruling class is a successor of the British colonial power. All its traditions are its own. Jallianwala Bagh was one of such few traditions. The following news from Blitz : dated September 12, 1970 is of great importance to give a warning of the shape of things to come :

'Miniature Jallianwala Bagh Enacted'

"Five retired senior government officials were made to stand with their hands raised on a south Calcutta street last week; at Dum Dum, a thana official was man-handled; and at Durgapur officials of Hindustan Steel were brought out of their cars and insulted. The oppressive force in all these cases was the Central Reserve Police, New Delhi's army of occupation in West Bengal.

"The Government senior officials make it plain that they have no control over the CRP who behave as if West Bengal was a colony of the Centre.

"An account given by a Calcutta corporation alderman reveals the situation. He had just returned home in south Calcutta when cries of women were heard. They were shouting, "We are beaten by the police." Panic-stricken, a few entered his house. Outside, male voices were heard uttering filthy abuses.

"Coming out of his house, the alderman found that a customs official, who was his neighbour, had been badly beaten up together with his 14-year-old son. The brutes had also forced open the door of a nearby house and mercilessly assaulted some young people living there."

"What happened next was even more gruesome. At a house belonging to a retired district judge, a group of elderly people were playing cards. The CRP personnel entered this house also and beat them despite protests. The elderly people together with some others were forcibly taken to the local thana where they were forced to stand with their hands raised for an hour. ... CRP officials had the cheek to deny the whole incident, and then, on being pressed by some newsmen, to dismiss it as a minor affair."

"The death, the next day of a 20-year-old youth Abani Chakravarthy, who was a victim of the day's outrage, proved the worthlessness of their statement. Released from the thana he went to his house, fainted and was removed to the hospital where he died. Abani was an employee of a commercial firm, and was the only earning member of his family. As a mark of protest, a day's bundh was observed in the area.

"CRP is not alone in torturing the people. Recently, a 17-year-old youth Samir Bhattacharya was reportedly beaten to death in a north Calcutta thana where he had been taken for interrogation following some Naxalite action in the area. The questioning was done by the head constable and others who, it is said sat on Samir's cheat and beat him with their fists and lathis. All this was going on in the presence of the residents of the neighbouring bustees whose repeated pleas to policemen to leave him alone met with no response. While this brutality was going on in one part of the thana, the boy's uncle was reportedly being told by the officials that his nephew had been sent to court and that he could go there and bail him out. Even after the boy died, the uncle's anxious enquiries met with the same reply.

"After the boy had died, there was an attempt by the police officials to dispose of the body. But the local people raised a hue and cry and the whole thing came into the open."

Marx had said in "The Eighteenth Brumaire of Louis Bonaparte":

Every demand of the simplest bourgeois financial reform, of the most ordinary liberalism, of the most formal republicanism, of the most insipid democracy, is simultaneously, castigated as an attempt on society and stigmatised as 'Socialism'. And finally the high priests of 'religion and order' themselves are driven with kicks from their Pythian tripods, hounded out of their beds in the darkness of the night, put in prison vans, thrown into dungeons or sent into exile; their temple is razed to the ground, their mouths are sealed, their pen broken, their law torn to pieces in the name of religion, of property, of family, of order."

We have noted how "senior government officials were made to stand with their hands raised", how "retired district judge" and his friends were beaten in their peaceful homes.

New tactics form part of bourgeois rule to drown democratic and revolutionary forces in blood. Jail killings have become common news. We had seen how prisoners in Midnapore Central Jail were assaulted by Eastern Frontier Rifles. The following news is about Asansol Jail :

"On August 5, at Asansol Jail, a wild group of more than 60 warders and policemen attacked eleven alleged Naxalite prisoners who were said to have attempted a jail break. They were beaten up so severely that nine died on the spot and two were taken to a hospital with severe injuries.

"Till now, 47 prisoners, all alleged Naxalites have been beaten to death. The number of injured could be more than one hundred." (Blitz, August 21, 1971).

'Horrible Conditions in Bihar Jail'

(1) In the Patna Central Jail, the warders fired on an angry mob of prisoners on July 7, killing 2 and injuring 42. "There were rumours, however, that more prisoners had died in the firing and the jail authorities had disposed of their bodies." In the melee 16 prisoners, including five Naxalites, were reported to have escaped.

(2) On July 25, warders opened fire on prisoners in Hazaribagh Central Jail, killing 25 and injuring 27. According to reports, the warders had to open fire to fail an attempt by the Naxalite prisoners to escape. A preliminery enquiry by the Commissioner of Chhotanagpore Division and Deputy Commissioner of Hazaribagh has established that 12 of the 16 prisoners killed had died not from bullets but from injuries. The prisoners killed and injured were teenagers. The parents of the boys killed were informed two days later and were not allowed to cremate the bodies. There is evidence to show that the jail warders and some of the loyal convicts were not getting along with the victims who were educated and did not meekly submit to the ill-treatment meted out to them by the former."

(3) "During the last one year, there have been firings in Bhagalpur and Jamshedpur jails in which four prisoners were killed." (Naxalite prisoners not involved).

(4) There have been disturbances in the jails at Ranchi, Dhanbad, Barh and Begusarai, and agitation by the prisoners in protest against the treatment meted out to them by jailors and wardens. The central and sub-jails of the state are packed with prisoners awaiting trial for four or five years. Here are some instances:

(a) In Purnea sub-jail a person is kept in prison for five years without trial because his records were missing.

(b) In Sasaram sub-jail, a person charged with house-breaking is awaiting trial for over four and a half years.

(c) Mohan, a young man, charged under section 109, spent 10 months in Samastipur sub-jail. The maximum punishment for this section is six months.

(d) Another person, charged under section 107, has spent 14 months in the Dhanbad jail without trial as his papers were missing. His only offence was that he went to the police station to lodge a complaint that his wife had been kidnapped.

"So horrible are the conditions inside the jails of Bihar that a brief spell in the jail is enough to turn a decent citizen into a hardened Naxalite" says Mr. Karpoori Thakur, a former Chief Minister and Chairman of the Socialist Party.

The history of the world has shown that police and army alone are not the instruments which the bourgeoisie uses to put down revolutionary forces. Black Hundred gangsters in Russia before the revolution, fascist thugs in Germany known as '*storm troopers*' in the pre-second World War period, are historic instances of other methods used to create counter revolutionary terror. Here is an instance which shows bourgeois democracy of Black Hundreds and Storm Troopers in action:

Goonda attack on Cossipore and Baranagar

"Never since the great Culcutta killing of 1946, has a greater massacre than what had happened in the city last week shocked its people, who are by now apparently immune to emotions caused by violence and murder.

"It was an organised attack on Naxalites in their alleged dens in the city's northern fringe, Cossipore and Baranagar. The total deaths could be as high as 150.

"From the evening on Thursday till late on Friday (August 13), a few hundred armed young men went wild, hounded out suspected Naxalites from their hide-outs, butchered them, and then carried their bodies in cartloads to be thrown into the Hooghly, flowing past Cossipore.

"*Shockingly, the police, stationed in the two thanas in Cossipore and Baranagar which are few furlongs from the rampage scene, were nowhere to be found for so long as 17 hours, during which frenzied killings went on.*

"Boys were brought out on public roads to be butchered in public and then burnt by soaking their bodies in petrol.

"In houses where so-called Naxalites were not found, their relatives, including an eight-year-old sister, father, and uncle were not spared. In many cases, the dead bodies, before being dumped into the river had their faces rubbed black with tar so that they could not be recognised." Sidhartha Sankar Ray, Union Minister in charge of West Bengal, later said in an interview:

"It was an expression of mass anger which had accumulated over a long period.

"When I went to the different areas, hundreds of people, while accusing the police of inaction, told me of the sense of relief they felt following the clearing of the Naxalites and anti-social elements from the areas." (Blitz August 21, 1971).

Here is proved what Marx had said: "*Finally the scum of bourgeois society forms the holy phalanx of order and the hero installs himself in Thelliers as the 'Saviour of Society'.*"

Shooting of revolutionaries has become so common a daily occurrence that no count is possible. Tens and hundreds in groups have been

finished off by trigger-happy police, CRP, and the army, all over the country. Since it has become such a common occurrence, even announcement of the news has been stopped by the government. The following news of Saroj Dutta's silent disappearance, is one of the few of such incidents that appeared in the Press ;

Saroj Kumar Dutta

Saroj Kumar Dutta (Naxalite leader) killed by Police. Saroj Kumar Dutta is considered second among the top-ranking leaders of CPI (M.L.). He started his life as a journalist and was chief sub-editor of Amrita Bazar Patrika. Later he became editor of Swadhinata, the Bengali daily of the undivided CPI. He is known as a poet, literary critic, and political commentator, and he was a regular writer in CPI (M.L.) journals.

There was a reward of Rs. 10,000 for his arrest.

His arrest was first reported in Amrita Bazar Patrika, on August 8, 1971. But nobody knows what happened to him after that.

Kalantar, CPI organ, expressed on August 12, its suspicion that Saroj Dutta had been murdered in police custody. The police, however, deny this and say that they had not arrested him and that somebody was let off when it was known that it was not Saroj Dutta.

This is what the Hindustan Standard, another daily from Culcutta, wrote on August 24 :

"The police continue to deny that he has been arrested, but investigations reveal that he was arrested in a house in South Calcutta on August 5."

Recently, the CPI (M.L.) have issued a printed notice in which they allege that Saroj was tortured and killed by the police.

His wife, writing to the Prime Minister, says : "I have no means to find out what has happened to him. I have written to the police authorities in Calcutta but have not heard from them."

Can anyone expect truth from those who rule this country ?

'Shoot to kill' is the policy adopted not only in cases of those who are arrested, but even in the case of ordinary circumstances—probably as a target practice. Here is an instance reported by Bhupesh Gupta, long-standing and experienced luminary of the Indian parliament, and a friend of Prime Minister Indira Gaddhi. This kind of unheard of savage behaviour was to be condemned even by the other Press in Calcutta city. Bhupesh Gupta's statement and a Jugantar editorial will show how West Bengal is being treated by the occupation army of the Central Government, both published in New Age, September 25, 1970 :

Bhupesh Gupta reports that : "On September 25 the police shot dead four young men in a single locality of Calcutta, in the Calcutta Square area—and they committed these crimes within a matter of few hours.

'Among the killed was one young man who had been arrested the previous day.

"One was a post-graduate student, Krishnaldas Biswas, who was fatally shot at point blank as he was entering, with his hands up, the Calcutta University gates to attend his class."

"Shootings at random, brutal assaults, sheer marauding, in the name of searches, arrests, and imprisionment of whomsoever they like to lay their hands on, and last but not least, torture in police lock-ups— these have become the order of the day."

Editorial in Juganthar, a Calcutta daily owned by the family of the Congress (R) P. C. C general secretary Mr. Tarun Kanthi Bose, on September 27, 1970, as reported in New Age October 4 1970:

"The police bosses of Calcutta and West Bengal should know better that the people of this city and the state are not so many games for their shootings and that although it is their responsibility to put down gangsterism and anti-social activities, they have no right to commit indiscriminate murder.

"Whatever the provocation, the police is recklessly resorting to firing and the people are being killed by bullets irrespective of whether they are guilty or innocent."

Attacks on Lawyers

In the process of destroying the democratic movement, no scope should be allowed even for the lawyers to expose even a court any brutal acts of the goondas of the ruling party or the Nazi tactics adopted by the police. Therefore, all legal avenues available to the arrested revolutionaries are to be blocked. The same methods of gangsterism were adopted to achieve this end, to terrorise the legal profession from defending the revolutionary accused. The following statement, published by the joint secretary, West Bengal Association of Democratic Lawyers, exposes the role of the anti-social elements in Bengal.

"The West Bengal Association of Democratic Lawyers notes with deep dismay and horror that legal practitioners are now increasingly the object of attack of anti-social elements backed by the Police. Within a short period, we have lost Bhadadish Roy, the advocate who was dedicated to defending the victims of police terror and goonda action. He was killed by the goondas. Sri Debu Bhattacharya, another advocate of Burdwan was badly assaulted because he was a similar defence advocate.

"There was a dastardly attack on Syed Manur Habibullah, an advocate, when he was on the dais as a speaker at a meeting place in Burdwan. The situation in Kalna is so serious that advocates cannot go to court even to practise their profession. Sri Amiya Mullick, an advocate of Kalna Court has been forced to leave Kalna and is how in Calcutta trying to shift his lucrative practice from Kalna.

"It is clear to everybody that the ruling circles are indulging in fascist terror against citizens, particularly those who are involved in the democratic movement. A further evidence of fascism is provided by these organised attacks on lawyers and advocates, abetted and directly supported and helped by the police.

"The West Bengal Association of Democratic Lawyers records its strongest protest against these attacks and calls upon the citizens as well as lawyers to organise themselves against the crudest ever fascist onslaught launched by the ruling circles in the unfortunate state of West Bengal."

Indira Gandhi and her coterie of rulers were aghast at the massacre of intellectuals by the hoodlums of Pakistani rulers in East Bengal. But, when they systematically connive at the same state of affairs in West Bengal, any decent, sensible, democrat would like to ask them what exactly is the difference between the two ?

Search and Destroy Operation in Howrah

We had noted how, in Baranagar and Cossipore, the fascist thugs of the Congress ruling class had been responsible for the murder of 150 citizens within 48 hours and how the personal reprsentative of Indira Gandhi in Bengal, Mr. Siddharta Sankar Ray had heaved a sigh of relief at what he called "the clearing out of Naxalites".

Taking the clue from his statement, a second round of clearances was enacted within a month, this time in Howrah. The report in Frontier of September 18, 1971, says that "the search and destroy operation", which was conducted for two days in two localities of Howrah produced an immediate toll of 12 murdered. The *'indignant mob'*, closely supported by the police, destroyed shops and houses belonging to Naxalite sympathisers and supporters ... How many more murders occurred in the area during the operation will be never known because in police democracy, the sources of knowledge is the police and their obliging friends, the newspapers." Frontier further reports that "in Howrah, unlike in Cossipore-Baranager, the police actively joind the forces of Indira Gandhi, instead of standing by. One newspaper reported that, after the man-hunt, the hunters came back and handed over at the thana the weapons used in the operation"

These democratic tactics of terror in facist style are reaching the stage of perfection under Indira Rule ! !

Exhibition of Sadism in Tollygunj

The following letter written to Frontier, September 11, 1971, reveals a part of unknowable methods of Congress democratic rule. A housewife, terror-stricken appeals : "I pray to all to save us from the impending massacre, check by all possible means the recurrence of another Baranagar." What was the reason for her panicful prayer ?

She writes: "We, the saner section of Tollygunj, are seeing with horror and panic the upper hand given to the police here. Brutal murder of innocent youths in the presence of lamenting, poor, helpless parents is not uncommon." An example of terror :

"On September 2, at about 11 a.m. four police officers appeared in the locality on trucks loaded with arms and followed by a CRP convoy. They asked the people at the point of the bayonet to shut their windows. Thereafter they dragged two youths, who had been arrested on August 31, 1971, from one of the trucks kicked them, brutally all over causing multiple injuries and bone fractures. The youths pled profusely, their arms and limbs were cracked by bricks. While they cried people had to watch with tears in their eyes. Some women in my house fainted. When one of the youths prayed for water, the police officer pissed. Then they played with the senseless bodies and soon after heaped them on the truck. Before leaving they shouted in chorus, "If any bastard dares to disclose what we have done, we shall create another Baranagar here."

Is it not necessary that 'Mahavir Chakra' be presented to the heroic officers—the Saviours of Non-violent Truthful Democracy ! !.

General Pattern of Deliberate Killings

The general pattern of deliberate police killing is capture, torture and shoot. It is impossible to give an account of the total number arrested, tortured and murdered, since the police alone can given an account, if they have kept the account. The following account of such tactics of naked terror by the police are only to show the general pattern adopted in all states all over the country—"deliberate police killing", as a correspondent in Frontier termed it, and warned this may soon engulf the CPM also.

"On the night of Thursday, June 24, 1971, the police entered a house Taltola, forced their way into an inner apartment and came upon three alleged Naxalite youths who were sleeping there. According to the people of the neighbourhood, the officer asked another member of the raiding party, presumably a spy, "Is not this Biplab Bhattacharya ?" The spy replied "Yes". Biplab was immediatly shot dead and the other two were taken into custody. Two days latter, papers published a police version of the incident which said that Biplab Bhattacharya was killed when the police were obliged to fire to defend themselves against a bomb attack."

The next day, the hartal day, at about 3 p.m. the East Calcutta Police, completely by-passing the Nadia District police, came to Kalyani in five Ambassador cars and raided a house in the university staff quarter area. From the account we got from the Kalyani University staff and from certain people in Beliaghata and Narkeldanga, it would appear that about nine people, including a woman, were rounded up from the house at Kalyani.

To the best of our information, the house in question belongs to a university lecturer who is away in America. It had been turned, obviously with his or the caretaker's consent, into a sort of bachelors' mess, where some of the daily passengers among the lecturers and scholars, ate and slept casually. Of the arrested, one was a research scholar attached to the Maths Department who used to live there occasionally. Another was a lecturer in physics who was only a casual visitor and who, we learnt, was widely admired and respected. Both had decided left sympathies, but neither was ever found associating with political activists of any colour. Another was a university student. They have been refused bail and kept in the Beliaghata police lock-up where atleast two of them have been subjected to ruthless torture.

The police are supposed to have arrested five others from the same place—four young men and a woman all of whom, according to the police were seasoned Naxalites. It is significant that the police caught them on the day following the night on which they had with cool purpose, shot Biplab Bhattacharya. May be, it was the same spy who guided them to both places. The police kept these five young people in custody for a couple of days, inflicting every possible torture on them, and then, putting the girl away, allegedly shot them dead with cool deliberation and removed all traces of the murders by burning up the bodies. From what we could gather from sundry folk in Beliaghata and Kalyani, one of these youths murdered by the police was called Kajal, another was Nityagopal, while a third was some Kar. It is widely rumoured in Beliaghata that when the parents of one of these supposedly murdered youths went to the Beliaghata P.S. to make enquiries about their son, they were told that their son had been shot and his body already burnt.

All this is in accordance with the laws of history. When a bourgeois regime, run in the interest of the corrupt, blood-sucking, profiteers and blackmarketeers and ministers and bureaucrats lose political and economic control,—as it is bound to do sooner or later—and is faced with the prospect of extinction, it starts shedding its democratic disguise and shows itself up for what it is—a rapacious, a ravenous wolf The police and the military in a reactionary State represent the fangs and claws of their bourgeois rulers, and the exposure of their wolfish image is in direct proportion to the explosion of the democratic myth. Police terror is most brutal in West Bengal because it is here that the myth has come to wear thinnest.

Having had a field day for three years against Naxalites and revolutionaries all over the country, and in particular in West Bengal and Andhra, the fascist hoodlums have now turned their benevolence on the others—in particular,on Marxists in West Bengal where "the CRP, police and Congress storm troopers continue their semifascist attacks by way of kidnapping, maiming, and murder, molesting women, setting houses on fire, exaction of money and loot of properties." According to official organ of the CPI (M) People's Democracy, January 16, 1972, it is reported that,

"during the first five months of the current spell of president's rule in West Bengal, more than 125 trade union leaders have been murdered by the police, CRP, and Congress killers, hundreds detained without trial, and thousands implicated in false cases".

The reign of terror in the villages is unabating with assaults on peasants, setting houses on fire and humiliating women, tortures of arrested in police stations. Attacks on educational institutions and even municipalities not controlled by the Congress (R) are not spared. Is it only a second edition of what the police started against revolutionaries in the U.F. regime being enacted now to create a celubrious climate to Indira and company for peaceful elections! Jyothi Basu had once said as chief minister that anti-social activities of the revolutionaries and Naxalites would not be tolerated!

The same story of police atrocities against revolutionaries, peasants, and workers, is being enacted all over the country in different degrees of intensity. With tens of thousands arrested and tortured and thousands murdered, there is a complete black-out of news in the Press except sometimes the version of the police published as per their dictates; no news of this savagery has come out in the so-called free and democratic Press, except a few bits here and there.

Punjab Intelectuals

For example, look at this shocking bit of news from announced by Kendri Punjab Lekhak Sabha, through its organising secretary, S. S. Desraj, Jallunder:

Two college students in tehsil Batala (Punjab) were arrested and shot dead before a large number of people. They were suspected to be Naxalites but had not been tried in any court. All the political parties, students, and trade union leaders demanded a judicial enquiry but the state government was silent.

In another incident, in tehsil Barnala, the police tortured an entire village, criminally assaulted the womenfolk, destroyed property and crops. All this was done to arrest an alleged Naxalite.

The Punjab police interrogate the intelligentsia, including university teachers and writers, search their houses, take away their belongings, and harass them in whatever manner it thinks proper. Many teachers, writers, students, and trade union leaders have been implicated in false cases.

On October 31, 1971, some 500 Punjabi writers took out a procession at Jullundur protesting against police atrocities. The bourgeois Press did not find it worth publishing.

Shooting dead before a large number of people without even the formality of a trial, torturing and assaulting an entire village including

women, arresting and interrogating the intelligensia including university teachers and writers, is not news worth publishing in our democratic Press. Goering and Goebbles must be happy in their graves at the sophisticated methodology of Indira Gandhi in adopting their policies with a finesse unknown to them.

Berhampore—ORISSA:

Look at this bit of news relating to prisoners in judicial custody lodged in a jail: A citizen from Berhampore writes thus to Frontier, December, 7 1971:

"The cold-blooded murder of 11 naxalite prisoners in Berhampore jail in February has not yet perhaps faded from public memory. Another attempt to repeat the performance has come to light. On November 7 at Berhampore jail the Naxal prisoners were shouting slogans on the occasion of the 54th Anniversary of the October Revolution when the legalised hooligans and murderers fell upon them and severly beat them up. Atleast four prisoners were seriously wounded. When this incident became public, the jail authorities gave a list of four '*minor*' wounded prisoners. But when the local jail visitors and a pleader went inside the jail, they found that the wounds of the prisoners were by no means minor and they had not been given any medical treatment and that above all, the list given by the jail did not at all tally with the actual list of the wounded."

The innocent citizen who penned the above letter probably did not know that truth, out of fear, had fled by the back-door long ago, to escape from the depradations of the swadesi rulers, in this great land of Rishis and Mahatmas.

Andhra Pradesh

Having glimpsed the savage fascist terror tactics adopted by the various state governments in India in their furious anger at the growing democratic revolution in the country, let us now enter Andhra Pradesh and look at things here. We had previously noted how the government and the landlords had promulgated a lawless jungle law in their dealings with the tribal movement in Srikakulam district. It was not limited to that district alone. If one goes through the record of the legislative Assembly, hundreds of cases can be sighted of landlord goondaism, supported by the police, and brought to the notice of the country having gone unheeded. In not a single case has the government taken any action. A few of the incidents which occurred in that period should be recounted to understand the growing landlord police goondaism in the area.

In 1966, the landlords and goondas raided the house of the sarpanch in Tonda village in Nalgonda district and shot a Communist cadre, Konda Venkataiah. I visited the village and tried to highlight the growing landlord goondaism with no great success to bend the government to take action.

During the 1967 elections, on the very day of the poll, in Polumalla village Suryapet taluk, comrade Ramachandram was dragged out of his house and was shot dead, even though the police was present in the village.

In the same taluk, in the same year, in Miryal village, a Harijan worker was tied to a tractor and dragged till he died.

With the active co-operation of the police, year after year, the brutal savagery of the landlords and goondas is growing without any hindrance.

In 1968, Brahmananda Reddy as Chief Minister went on a padayatra on a peace mission, but mainly to mobilise the landlords more firmly. The result was evident when a bangle seller of Sirikonda village was murdered by the landlords and one Eleti Bishamayya of another village was beaten so mercilessly that he died within a few days.

In Chilukur village, the sarpanch, Candela Pullaiah, belonging to the Communist Marxist was murdered in 1968 in Huzurnagar taluk. In Nelamarri village, of the same taluk, the landlords opened fire on the villagers near the reading room and the public loudspeaker of the village radio in the evening when they had congregated in that public place to hear the evening news.

In Mukundapuram, in 1968, goondas and police together raided the village and shot at the people. A few of them were admitted to hospital.

Even as late as in 1971, Rami Reddy of Kastala of Nalgonda taluk was killed by the Congress goondas even though there was police camp in that village at that time.

It is not only a matter of murdering the people in which the goondas and the police participate. Taking advantage of the tension in the villages, they have started illegal collections of huge funds from the people, threatening them that they would also be involved in the case if they do not pay them immediately. For example, after a murder in Khotapadu, the police and the goondas collected huge amounts from the people of Khotapadu, Ravipadu, Chettugudem, Bopparam, and other villages, of nearly Rs one lakh. They raided nearly 70 villages. In the process, they destroyed the house of Laxma Reddy, one of the accused in this case and looted all the property in the house of Gopal Reddy another accused in this case.

These are a few instances out of thousands that have occurred during these four years.

One of the most gruesome incidents that occurred in Andhra Pradesh was in Kommugudem village in Ellendu taluk of Khammam District in the year 1967. That village is mainly a tribal village. Under the leadership of Lukkineni Venkateswara Rao, a well-known Congress leader of the district, a gang of Congress goondas raided the gudem, destroyed the whole gudem. The huts were set on fire. For three days they saw to it that no news leaked out to the world. The horror-striken villagers were not allowed to leave the village. It was only a few days after the incident

that the news leaked out and the world was aghast to know the most extraordinary incident. The sub-inspector and the circle inspector who gave the first information report were transferred from that place on the instructions of the ministers from the top.

I remember even to this day the furore that was created by certain Congress benches to obstruct a discussion of this issue on the floor of the legislature, and the flippant manner of the reply by the chief minister. The leaders who were responsible for this beastly action were never arrested.

This attitude of the government and the failure of the legislature to take landlord goondaism seriously, further encouraged the feudal elements to step up their terror campaign against the peasants. In Thanikella panchayat of Khammam District a communist cadre, Abasmia was murdered.

In Narasampet taluk of Warangal district the landlords in quite a number of villages created an inferno. One of the worst examples of landlord police brutality was what happened in Maheswaram. Taking advantage of a land dispute, the landlords with police help played havoc almost with every family in the village. In the course of this land dispute, police resorted to firing in this village and later arrested a large number of people; in a few families every one of the males were arrested and their women folk forced to live as concubines to the police stationed in that village for months together. The house and the compound of the village landlord was used as a police camp to heap every kind of humiliation on the villagers. During that period, in 1966 and again in 1967, I had visited that village in the course of my tour in that taluk, and on my personal enquiries among both men and women I found hell on earth created by devils in human form. Men tortured, houses looted, women molested and atleast one killed in the firing— everything that is called hell was created in a miniature scale in that village. Any number of representations to the district and provincial officials, any number of representations to the ministers was of no avail, even to get an impartial enquiry conducted. Landlord goonda terror was at the top in those two years in that taluk.

The so-called law was only to be implemented by the people. Every illegal and immoral sadism of the landlords and the police was condoned by the powers that ruled.

The latest Brutal Murder

A Marxist Party cadre and leader of poor peasants and agricultural labourers of Bheemavaram taluk was brutally murdered by the landlords on December 26, 1971, in broad daylight. The facts of the case as reported in Prajasakthi, the official organ of CPI (M) and in Visalandhra are revealing. The following are the facts of this incident :

There are 4,000 acres of Banzer near Kalavapudi village in Bheemavaram taluk, of West Godavari district. Of this, quite an amount is in

the possession of landlords even after several crash programmes for distribution of Banzer lands to the landless were implemented by the socialist-oriented Gandhists in power. Visalandhra reports that Chinamiram Munisiff has occupied 100 acres and Mekala Bheemeswara Rao another 50 acres. Government has been leading them directly to landlordism. "For example, in the name of C.A D. Company a few landlords, lawyers and government officials have taken 1,500 acres of land on lease and have given those lands on sub-lease to small peasants. One Dr. S. Astry, who is also connected with the above company has further been granted 1,200 acres on lease by the government. One Mr. Sanyasi, another lanclord, has been granted 200 acres on lease by the government. Thus this land is mostly under lease to the landlords. Only a small portion of this Banzer is under the possession of peasants of Pusalamuri. The landlords were naturally dissatisfied at this bit of discrepancy. So the kalavapudi landlords, under the leadership of Mekala Bheemeswara Rao, decided to occupy it and began to plough it with tractors. The peasants abstructed this occupation of the land under their possession. The landlords and the peasants decided to settle this problem through negotiations on Sunday the December 26. It was on that occasion that the leader of the peasants came to the village. As per the previously laid-out plan, the landlords and their goondas attacked him on that occasion and murdered him in broad daylight. One factor to be noted here is that this news did not find a place in our respectable daily Press. So far, the government law and order machinery seems to have found no time to raid their houses and search them for any incriminating evidence and do not seem to have bothered to arrest any of the landlords. When one landlord is murdered, the news in splashed in all the all-India Press. When peasants occupy Banzer lands hundreds and thousands of peasants are arrested, beaten, tortured and cases are filed against them. The murder of one landlord is a conspiracy to overthrow the Government, since the Government and the landlords are synonimous. But any number of murders of peasants and agricultural labourers is not serious enough to take cognisance of. Such is law under implementation under the slogan of 'Garibi Hatao'.

It is no wonder that we are involved with a conspiracy to overthrow this Government, charge-sheeted and locked up inside the jail for the last two years, whereas the landlord thugs, and savage murderers are having lunch and dinners in the ministers' bungalows.

The above is only a microscopic narration of facts about the state of affairs in Andhra Pradesh. Naturally, such a situation leads to a crisis. In this crisis, the revolutionary youth and peasants stood firmly with the down-trodden peasantry. To put them down, the whole of the state machinery and a part of the Central machinery was mobilised to smash this conspiracy of revolutionary youth and the down-trodden peasants. What were the methods adopted? We who are now being charged with adopting unconstitutional methods, would like to ask: What type of constitutional methods did this government adopt?

Terror in Srikakulam

I would not deal in detail with the mean methods adopted by the Government in trying to smash this peasant upsurge. Under the savage direction of a mediocre minister in power, during this period of two years a new historical record of medieval brutality has been established. Captured women revolutionaries have been tortured and shot dead during this period. Panchadi Nirmala, Aenkamma, and Saraswathamma, were the martyrs of the brutality of the Andhra police. It was the Andhra police that laid the path for others to follow. Never has such deliberate brutality been committed either by the colonial government or the feudal princes In the long course of history, to my knowledge, I have never come across any thuggery equivalent to this—not even during the period of fascist terror in Europe has one heard of women revolutionaries killed in cold blood as per deliberate plan and according to instructions from top. These women revolutionaries will always shine as the brightest stars on horizon of revolutionary history of India. The greatest poet of the revolution, Subbarao Panigrahi, who inspired millions through his art fell in the course of the battle for land and freedom; with pen in one hand a gun in the other he blazed a new path such as Ralph Fox and Christopher Cauldwell in the Spanish Civil war. Tortures could not loosen him. Savages finally shot him and produced for public consumption a false incident of a 'clash'. Soft and kind-hearted Panchadi Krishna Moorthy, brilliant young Dr Bhaskar Rao, Tamada Ganapathi, the most popular girijan leader Vempatapu Satyanarayana, and many hundreds of known and unknown comrades, have blazoned the path of revolution to fulfil anti-feudal and anti-imperialist tasks of national liberation. Not one of them has died in the midst of what are known as 'clashes' but have been deliberatedly and cold-bloodedly murdered by the hoodlums of landlord bourgeois power. The following comments in Patriot, in its December 25, 1969 issue, reveals the true nature of what are known as 'encounters'.

FISHY

Once again there has been an 'encounter' between the Andhra Pradesh police and persons described officially as Naxalites in the Rangamatta hills of Srikakulam district; and once again fatalities have only been on the side of the '*Naxalites*' who, it is alleged, were armed and opened fire first. Six of them were killed, including two prominent persons from Orissa, according to police reports. It seems curious that, in the many clashes that have taken place in this district, although the Naxalites have invariably been described as men armed with lethal weapons, the victims of bullets have only been in their ranks. Either the policemen deployed by the state government are all James Bonds with a miraculous capacity for evading flying bullets and country-made bombs, or all the facts are not being made known to the public. The reports of the many incidents of this kind over several months now leave no doubt that there is something extraordinarily fishy about what is going on in Srikakulam district. It is

not improbable that various persons are being finished off using the convenient pretext of dealing with Naxalites; the state government, especially its police wing, evidently thinks that the Naxalite label is sufficient to ward off public criticism. A full-scale enquiry should be ordered to find out whether the police version of events in the troubled area in the past month is based on facts. The people have a right to know whether the police have been acting in self-defence or have been engaged in wanton killing. Only an impartial enquiry can establish the facts, and the Union Government should go into this question without further delay."

(Patriot, December 25, 1969).

Rape and Loot

The atrocities committed on the people in the Agency areas can never be recorded in full. With complete control over the area, the guardians of law and order never allowed the news to leak out. Even the few bits of news that did leak out of the Agency was never allowed to see the light by the controlled democratic Press of Andhra. But a few instances that did appear, will tell the savage history." (Link, December 14, 1969):

"Rape of women, looting of people's property, and extracting bribe has become a common feature in these areas", reports New Age, official organ of the CPI.

Neyyala Annapurna of village Mogilipadu in Srikakulam district was raped by the CRP and was killed afterwards.

Another girl of Maruvada village of Parvathipurm tehsil was also raped and killed.

Near Kurupam, in the vicinity of Singpuram four dead bodies of Jatapu Adivasi women were found in jute fields. People reported that the CRP raped them and murdered them. (Visalandhra, January 10, 1970).

Srimathi Neyyali Annapurna of Mogilipadu village was carried away by the CRP and was raped. She died within a few days.

The three CPI. M L.A.s who toured the area report that, due to the number of such incidents, "a common practice with the armed police to lift them into their trucks and carry them away", young women in the area are afraid of walking on the roads.

Looting of people's property is another democratic method of the Congress police. People were arrested on a large scale, brutally assaulted and tortured and their properties looted. People who died in police lock-up are many. Thousands of people were tortured in Palasa. Special police camps including a few followers of Congress and C P.I. The M.L.A s gives an example of Kurmayya who lost his eye, and two more examples of torture on common people.

These M L A.s report, that nearly a hundred people in Visakhpatnam Jail, who have been remanded by some Magistrate or other, were never again produced before any Magistrate even after 9 months; no charge-sheet was filed, neither were they released.

Mamools, which had once disappeared, have been brought back with a vengence by the police camps. A special correspondent of the Hindu, in a report on January 14, 1970, records that "the prevailing practice is for a village landlord to act as an *'intermediary'* and get for the police camp goats and poultry as *mamools* from the girijan villages. I noticed that the *'intermediaries'* also took the opportunity to benefit themselves, by collecting a large quantity at the village level and passing on only a fraction to the police camps."

Marvellous methods of a pacification campaign ! When once it is started, it cannot be rooted out till it is completely exterminated by greater force ! The mightier force of peasant revolution alone can end it.

False 'encounters'— Cold Blood Murders

False 'encounters', in fact cold-blooded murders of captured comrades have taken place. The pattern of fascist gangsterism is a continuing process, not only in Srikakulam district, but also in various parts of Andhra Pradesh—especially so in all its ferocious brutality in the Telangana forest belt of Khammam and Warangal area. The advent of Vengal Rao as the Minister for Home was a signal for freedom to the trigger-happy savage to implement their plan of capture torture and murder in all its hienous forms.

The first to fall prey to this savage plan was the leader of the Khammam revolutionary committee *Bathula Venkateswara Rao*, who was captured by the so-called Home Guards of Gondi Gudem village, along with *Suryanarayana* And *Vajja Venkanna*. *Suryanarayana* was murdered on the spot by the fascist storm troopers known as Home Guards—the creation of the Congress regime to maintain feudal exploitation in the countryside. Comrades Bathula Venkateswara Rao and Vajja Venkanna were handed over to the Aswarao pet police. All the methods of torture in their armoury were inflicted on them by these devils in human form. Boiling water was poured on Bathula. They told the people that they were being removed to Palvancha Hospital. They were taken to Mamindla Thayi Thogu and murdered in the most brutal manner. Later the police announced that two unknown communists were killed in an encounter.

Comrade Bathula Venkateswara, who was included in the first information report in this case was a B.A ,L.L.B. He haild from Rudrakashapalle of Madhira taluk. He conducted a consistent battle against revisionism in the communist movement, and was responsible for the mobilisation of the large chunk of cadres in that district for the revolutionary programme

of organising peasant revolution to put an end to all kinds of feudal exploitation. Within an extremely short span of life he became the most popular people's leader, and most respected party functionary of the area.

Comrade Suryanarayana, even though he belonged to Divi taluk of Krishna, had gone to that area to mobilise the backward people of the interior countryside to fight against crudest forms of feudalism. That he gave up his job as a teacher to organise the peasants to fulfil the tasks of anti-feudal revolution is itself a shining example of sacrifice, in this period of dog-fight for loaves of power being witnessed all over the country.

Comrade Vajja Venkanna belongs to Metla Thimmapuram village of Yellendu Taluk. Hailing from a koya family, he laid down his life in this glorious struggle to rouse the people to break the shackles of Asiatic form of landlords exploitation and violence.

Counter revolution fired its first shots to nip the revolutionary movement in the bud, The sadistic cruelty of ihe savage traitors was proclaimed as the legal method of the socalled democratic government.Tens of comrades and peasants have been murdered in the area by the sanctimonious law and order agency.

Muthayya, Jagdish, Gopayya, Thirupathayya, and Yella Reddy are a few among the many who were captured, tortured and murdered by these devils incarnate. This is the instrument of *"social justice and economic progress"* about which the government tom-toms day and night.

The so-called encounters, clashes, search parties and cross-fires are all fake and false. Certain interested parties in the government in league with the local landlords are trying to create an atmosphere to continue and intensify their brutal exploitation and violence.

Here is a report from Visalaadhra published on July 26, 1971. "The police camps have become a good cover for certain sections of landlords to continue their illegal methods of exploitation of the people. These police camps have been very handy for a few police officers to make use of them to arrest any person they want to lay their hands on to terrorise and torture them to extract money from them. These camps have become a lucrative source of income in the hands of corrupt police officials. The police have conducted raids on Manikyapuram, Yellapuram, Marrigudem, Mumpugudem, Upirikayalapalle Tanda, Polampalle, and quite a number of other villages, and inflected severe brutal tortures on the poor. All these pointed out by the landlords are arrested, tortured and later released after extraction of money as a prize for freedom." This clearly paints the picture of terror that is stalking the areas of Khammam, Warangal and Karimnagar districts.

A look at the fantastic bit of news in Andhra Jyothi, published on August 18, 1971, clearly reveals the falsity of the handout given to the Press.

This news from Hyderabad proclaims that the brave police encountered firing from the revolutionaries in Manikayaram forest from behind the bushes and in the retaliatory fire from the police one revolutionary died and five others escaped into the forest. The unhurt police returned to their homes safe. That clearly indicates that one more peasant of the area has been finished off to encourage the establishment of a few more police camps.

This news in Hindu, August 13, 1971, announces that "an observation party fired on the police who were combing Rollavagu, Reddipalli, and Singaram areas in the district of Warangal. When the police returned the fire" — again no police is hurt — the extremists fled leaving behind two guns, 46 rounds of ammunition, a swaard, two knives, a wrist-watch, cash of Rs. 1,183, gold and silver ornaments presumed to be involved in a decoity committed by the extremists."

I need not unnecessarily take the time of the court with further incidents to prove the falsity of police statements which are meant mainly to cover up their brutality against the people. Their method is clear. Terrorise the people, isolate the revolutionaries from them, and nip the revolution in the bud. Revolutionaries know that to live like fish in the ocean of the Indian masses, by adopting the mass line of Comrade Mao Tsetung, will finally and irrivocably break the backbone of the Indian ruling class.

Let it not be taken that these sections are implemented only in Srikakulam and Warangal-Khammam areas. The same tactics of 'arrest-torture-and shoot' are adopted everywhere in Andhra Without enumarating the various incidents in various districts, let me take my own district as example.

Tortures and Murders in Anantapur District

Anantapur district witnessed the murder of one Nagireddy of Pamudurthi Kondapuram in Penukonda taluk in 1970. He was a popular peasant youth and stood by the people in fighting the atrocities of notorious Reddy landlord gangsters of the area. To my knowledge there has not been a single landlord who was even interrogated by the police. One of the suspected leaders of this gang of murderers, the notorious Pamudurthy Baypa Reddy within a short time even became a Member of Parliament in the mid-term elections in March 1971, as a distinguished socialist of Indira Congress.

Yet, taking advantage of a decoity in one of the villages in Kadiri, the police man hunt of Naxalites in Anantapur district reached the highest of brutality — never before witnessed in that area. Two or three examples of their savagery will be enough.

Comrade B.C. Ramappa was a distinguished member of the Communist Party of Tadipatri taluk long before the split in the Communist Party. He was arrested near Payapili in Gopal Nagar Colony in the third week of October 1970. He is said to have been handed over to the Naxalite S.P., Known as Cheviti Venkat Ramana. He was lodged in Anantapur police lock-up, later in Kadiri and Obulam Cheruvu police lock-up and was

beaten and tortured mercilessly. When he was in the last stages of his life, the already half-dead Comrade Ramappa was lifted to Dorlakonda and shot dead, under the facile and the now familiar plea that he died in a clash of fire and cross-fire. His body was not given for post-mortem. It was not handed over to his relations. Not even any formality of Normal process of law even after death was adopted.

What a contrast between the two cases ! In the case of the murder of the anti-landlord peasant youth the government behaved as though nothing abnormal had happened and one of the notorious landlords, suspected to be responsible for murder, even becomes an M.P. of the ruling Congress. In the case of the Naxalite, the government behaved as though the top had collapsed and its foundations were shaking

Let us take another example of torture of an ordinary peasant. Sri T. Narayana of Deviripalle of Kadiri taluk was arrested and tortured inhumanly in interrogtion to locate the whereabouts of Rauf — a leader of M.L Party. In the process of torture the savages poured kerosene on him and set him on fire and later released the news that he set fire to himself. He was later admitted in the hospital on November 30, 1970, but no magistrate was brought to record his dying declaration. He died on December 1, 1970. What moral or legal right has this government to talk of the sanctity of the Constitution and legal methods, when it is itself an incarnation of a devil behaving anti-constitutionally, illegally, and immorally ?

Let us finally take another example: Comrade Erukala Reddy of Tadipatri taluk was arrested in relation to a case. As a result of brutal tortures inflicted on him, his heart and lungs were badly damaged. Later, due to the failure of hospital doctors to treat him, he died in the sub-jail itself.

Every district in Andhra Pradesh has its own horrible history of landlord-police terror. The death dance of the landlord bourgeois government is in full swing. Methods are many. Participating characters are different. But the purpose is the same — cow down the revolutionaries, break the backbone of the rising tide of agrarian revolution, to safeguard the feudal exploitation.

Jails Are Hell

Lathi charges or shootings are also not uncommon in Andhra Pradesh inside the jails. After all the process of tortures is completed, fake charges are levelled against thousands of revolutionary leaders, cadres and peasants. They are thrown into innumarable sub-jails, district jails, and even central jails, as undertrials. There is no end to these cases. They go on for years and ages.

In these circumstances, life in the jails, too, is made impossible. On December 1, 1970, in the firing in Chittoor sub-jail on revolutionaries, Comrade Narayana Reddy was shot dead and many others received injuries.

On May 5, 1970, a severe lathi charge on CPI (M. L.) and revolutionaries was unleashed in Rajahmundry central jail.

Again, on the same prisoners who were transferred to Vizag central jail, there was another lathi charge on October 1, 1971.

Both outside and inside the jails, the terror campaign continues unabated.

Landlord bourgeois terror in Nazi style continues on all. Even the writers are not spared. The famous 'viplava' Kavulu had to taste the bitter pill of detention. Literally works are banned from sale and circulation. Even the government employees are not spared lathis and bullets.

Never has the country witnessed such large-scale terror as it is witnessing today. The greater the economic and political crisis that the government faces, the greater the unabashed use of lathis and bullets.

Before I close, let me pay my homage to the heroic fighters who laid down their lives in this great battle for land and liberty—for the establishment of people's democracy.

> As Lenin wrotet, "*Life will assert itself. Let the bourgeoisie knave work itself into a frenzy, overdo things, commit stupidities, take vengeance on the Bolsheviks in advance and endeavour to kill off (in India, Hungary, Germany etc), hundreds, thousands, and hundreds of thousands of tommorrow's Bolsheviks. Acting thus, the bourgeoisie acts as all classes doomed by history have acted. Communists should know that the future, at any rate, belongs to them; therefore, we can and must combine the most intense passion in the great revolutionary struggle with the coolest and most sober evaluation of the mad ravings of the bourgeoisie.*"
>
> ("Left Wing Communism, An Infantile Disorder").

The Success of the Revolution is Assured

In the "*Immediate Programme*" we had stated :

"India is a neo-colony. The people of this country are suffering from the exploitation of US imperialism, British imperialism, Soviet revisionist neo-colonialism. Along with imperialism, feudalism is also an important exploitation force. 70 per cent to 80 per cent of the people living in rural areas suffering from various forms of feudal exploitation. In these circumstances, Indian revolution will be completed in two stages. Today we are in the stage of New-Democratic Revolution."

In the course of my statement, I have explained as to how the Indian big bourgeoisie betrayed the revolution and how it has allowed foreign finance capital to exploit the country in various forms much more intensively than even in the colonial period. I have also explained how the Indian big bourgeoisie allied itself with feudal landlords and prices and helped them to intensify even feudal exploitation along with growing capitalist relations.

Therefore, it is clear that the Indian democratic revolution can succeed only under the leadership of the proletariat.

Liberation Can Succeed Only Under the Leadership of the Proletariat

In 1925, addresing the students of the university of the peoples of the East, Stalin had warned the national liberation movements of colonial countries about the role of the colonial big bourgeoisie such as in India :

"In certain countries (India, for instance) capitalism is growing rapidly and is giving birth to and crystallising a more or less numerous class of proletarians.

"As the revolutionary movement progresses, the national bourgeoisie in such countries divides in two sections, a revolutionary section (the petty bourgeoisie) and a compromising section (the big bourgeoisie). The former continues the revolutionary struggle; the latter enters into a block with imperialism."

How true this objective analysis is in the case of India, is evident without any further explanation. This process of compromise by the leading representatives of the colonial big bourgeoisie with imperialism reached its final completion in India with the transfer of power. This classical process of compromise exposes the true character of the Indian

State, as the biggest dependent semi-colonial country. It has clearly exposed that national liberation revolution cannot succeed under the leadership of the bourgeoisie. Stalin had warned that "**Independence does not come as a gift**"—in the form of transfer of power from Lord Mountabatten to Pandit Nehru—but is possible only "**by victorious revolution**". and that this victorious revolution can be advanced only under the hegemony of the proletariat.

He had categorically stated that, "the revolution cannot be advanced and the complete independence of capitalistically developed colonies and dependencies cannot be achieved unless the compromising section of the national bourgeoisie is isolated, unless the petty bourgeoisie revolutionary masses are freed from the influence of this bourgeoisie, unless the hegemony of the proletariat is established, unless the advanced elements of the working class are organised in an independent communist party."

The conditions for the success of the revolution are laid down firmly. They are as important today as they were in 1925.

In India today the fight for national liberation is intertwined with the struggle for democratic, anti-feudal revolution. Only after completing these two tasks can one talk of the completion of Socialist task.

As Mao Tse-tung has explained : "*These two great tasks are interrelated. Unless imperialist rule is overthrown, the rule of the feudal landlord class cannot be terminated, because imperialism is its main support. Conversely, unless, help is given to the peasants in their struggle to overthrow the feudal landlord class, it will be impossible* to build powerful revolutionary contigents *to overthrow imperialist rule, because the feudal landlord class is the main social base of imperialist rule in China and the peasantry is the main force in the Chinese revolution Therefore, the two fundamental tasks, the national revolution and the democratic revolution are at once distinct and united.*

In fact, the two revolutionary tasks are already linked .. It is wrong to regard the national revolution and the democratic revolution as two entirely different stages."

("**Chinese Revolution and the Chinese Communist Party**").

I have explained how the main task of the anti-imperialist revolution still continues in India, since imperialist exploitation is no whit less than it was under direct colonial rule and hence national liberation is yet to be achieved along with anti-feudal democratic tasks.

Thus the people's democratic revolution is an anti-imperialist and anti-feudal revolution of the broad masses of the people under the leadership of the proletariat. This revolution is a new type of democratic revolution.

The Question of State Power

When we say that the democratic tasks of the anti-imperialist, anti-feudal revolution can be accomplished only under the leadership of the proletariat, the question of State power is posed directly. Which class holds power decides everything; upto now, the State power is held by the big bourgeoisie in alliance with imperialism and feudalism. We have found that it cannot in any circumstances fulfil the anti-imperialist and anti-feudal tasks. This bourgeoisie adopts all kinds of deceptive practices to hoodwink the people. When it is compelled to make any particular concession, it does so only to begin withdrawing them the following day. It hands out promises left and right — the latest election promise of land ceiling of 12 to 18 acres of wet land per family only to fail to carry them out later. Finally, it enters into a coalition, to cover its domination, even with revisionist progressives—"only to fool the people by a show of honest coalition". "In words it claims to be a popular, democratic revolutionary government, but indeed it is anti-popular, undemocratic, counter revolutionary, bourgeois government." (Lenin; **'One of the Fundamental Questions of Revolution.)'**

Indian bourgeoisie is adept in fooling the people by loud proclamations of revolutionary slogans, like *'curb the monpolies'* plans for *'ceiling on urban properties'*, and legislation on *'land ceilings'* and implementation of *'crash programme for the distribution of Banzer Land'*.

Paul A. Baran, Professor of Economics of Stanford University, in his book *"The Political Economy of Growth"*, characterises the Indian Bourgeoisie thus :

"Anti-imperialist by background, it is courting favours from foreign capital Espousing the principles of private property, it promises the nation a 'socialist pattern of society' ..... Anxious to reconcile the irreconcilable needs, to compose radical differences, to find compromises where decisions are inevitable, losing much valuable time and energy in bridging current conflicts within its own fold, the government substitutes minor reforms for radical changes, revolutionary words for revolutionary deeds, and thus endangers not only the possibility of realising its hopes and aspirations but even the very tenure of office .... it is incapable of providing genuine leadership for the battle for industrialisation .... (Pages 246-247).

Thus the proud declarations of anti-imperialism, the insistent talk of *'remove poverty'* and all such revolutionary words are a psychological bait to the masses. And the bourgeiosie knows it.

As Gunnar Mydral in his *"Asian Drama"* says: "The Indian political pattern of bold radicalism in principle and extreme conservatism in practice, was already well-established before Independence," and that "this co-mingling of revolutionary views on economic and social questions with a solicitude for the vested interests of the Indian upper classes — including even those of the feudal princes and absentee landlords was

among Gandhi's more suttle ideological achievements." (Pages 260-261). Therefore, the Indian vested interests were not much perturbed or bothered about radical pronouncements. Lenin's characterisation that all these deceptive slogans, declarations, and promises, are only to fool the people have proved in practice to be hundred per cent correct, whatever be the prettification of the revisionists and their coalition with the Congress party to form united front governments.

Therefore, the question of power is the fundamental question The theory of Marxism-Maoism—the quientescence of historical experience, is clear that the question of power is not resolved even "under all sorts of 'coalition' cabinets that include 'socialists', that these socialists, even when individuals among them are perfectly honest, in reality turnout to be either a useless ornament of or a screen for bourgeois govenment, a sort of lightning conductor to divert the indignation from the government, a tool for the government to deceive the people." (Lenin, Ibid)

It is the experience not only of our country but all over the world—such as in Italy and France, Indonesia and Ceylon—that such coalition governments where the Communists have participated are not only a tool, ornament, or a screen to deceive the people, but a counter revolutionary force to suppress the revolutionary forces.

The Question of Violent Overthrow and Capture of Power

I can do no better than to quote the historic statement of the Communist accused of Meerut conspiracy case on this issue. They proclaimed that "democracy in fact is held to be unrealiable in capitalist society because of the fundamental helplessness of the propertyless man, the parliamentary forms only serve to veil the reality of the bourgeois dictatorship by an appearance of popular consent, which is rendered unreal by the capitalist control of the social structure; and even this veil is set a side in moments of any stress by open assumption of emergency dictatorial powers".....We "believe that the ruling class will use every means, pohtical economic and military, to defend its privileges and that the final decision will not be reached without open civil war. In support of this, they (the communists) quote evidence to show the readiness of the ruling class in many countries to fling constitutional considerations to the winds when their privileges are in danger." (Pages 271-72).

This statement which was true then, is truer today in Indian conditions. We have, during these 20 years and more of Indian democracy, witnessed emergencies declared all over the country and in various parts to openly and uninhibitedly use savage force against the workers and peasants to drown their just struggles in blood. We have noted how, every province the landlord class and the government have thrown 'democratic law' overboard, massacred thousands, and used every method of savage brutality against millions. The ruling class in its own interests become a moralist of vehement democracy in the name of the people. The Indian ruling

class paraded 'democracy' in the case of East Bengal where Yahya Khan used the crudest fascist methods to suppress the people. The '*democratic*' Indian government which has unleashed Baranagars and Howrahs in West Bengal and innumerable police camps in Srikakulam to torture are butcher hundreds of people is capable of deceiving the people by shedding democratic tears.

It is my firm opinion that the entry of Indian troops into East Bengal is not only to safeguard the Indian and British bourgeoisie's economic interests but also to counter the growing influence of anti-imperialist and anti-feudal forces in the armed struggle. Already, news has begun to appear of the arrests of Left forces in East Bengal. Therefore, to fling the '*constitutional and democratic facade*' to the winds is not Yahya Khan's privilege alone. It is as much the privilege of the Indian bourgeoisie. The Indian bourgeosie which intervened in East Bengal supposed by, according to revisionists of all the branches, on behalf of the people fighting against brutal force of Pakistani savage dictatorship — had the temerity, in the name of democracy, to intervene in Ceylon to suppress the people's upsurge and help Sreemathi Bandarenaike to establish herself through democratic genocide. The bourgeoisie thinks that use of violence is the privilege of the bourgeoisie alone. We, the representatives of the working class, believe that to establish real democracy—democracy of the people on the basis of extermination of feudal and imperialist-cum-compradore bourgeoisie exploitation — the people have as much right and are as much privileged to use violence against the counter revolutionary violence of the bourgeoisie.

Therefore, "it is the conditions of society that are producing chaos and revolution; it is the object of the Communists to end those conditions by giving conscious direction to the instinctive force of revolt instead of seeking to stem them." (Ibid, Page 281).

"Revolutions are locomotives of history" said Marx. It has been so from the earliest period of history, starting with the revolt of the slaves against slavery, the revolt of peasants and middle classes against feudalism, the revolt of oppressed nations against imperialism, and the revolt of workers against capitalism. "The right to revolution is, after all, the only real '*historical*' right, the only right on which all modern States without exception rest." (Marx, "Introduction to the Class Struggle in France"). The American and French revolutions, the Russian and Chinese revolutions, the Viet Nam and Cuban revolutions are only a few in modern history. No State of importance was ever established without a violent fermentation of revolutionary struggle. Therefore, it was that Lenin proclaimed:

"Whoever recognises class struggle cannot fail to recognise civil wars, which in every class society are the natural, and under certain circumstances inevitable, continuation, development, and intensification of

class struggle. All the great revolutions prove this. To repudiate civil war, or to forget about it, would mean sinking into extreme opportunism and renouncing the socialist revolutions."

As Lenin said of such revolutionary wars: Of all the wars known in history it is the only lawful, rightful, just, and truly great war."

To reiterate this great historic truth, and to explain to the people of the world the immense and immediate absolute necessity of revolutions to change the face of the earth from a world of exploitation to a world of socialist reconstruction Mao Tsetung proclaimed the truth that "Power grows out of the barrel of the gun".

Our own experience has proved the truth of this maxim.

Do Revolutionary Conditions Exist in India

We are absolutely of the opinion '*yes*'. The objective conditions in our country are excellent. The economic and political crisis is growing day by day, for the past four years even though, off and on, temporary stability seems to have set in. The production front is in the doldrums. Mass misery and unemployment are a growing feature. The prices are rising. The convulsions in the countryside are on the increase. The dissensions in the ruling class are growing, even if to outer appearance Indira Gandhi seems to hold the reins firmly. The growing inter-imperialist contradictions are having, and will be having, greater and greater impact to increase the growing on stability. The crisis of the budgets of the states, the crisis of interational aid, the crisis of the balance of payments, the crisis of rising prices, the crisis on the agricultural and industrial front, the growth in working class struggles—never has India been in the midst of such a grave situation. On the political front, every bourgeois party and their collaborators are in the midst of cracking the internal crisis. The oncoming period will only increase the cracks. Every united front government is faced with internal dissensions. The factional dissensions in the ruling party too—with all the built in popularity of Indira Gandhi—are widening.

This is a period of growth of the objective conditions necessary for revolution.

But then the question is posed: Are the subjective factors, too, as mature as the objective factors ? And, then, a gloomy picture of the weakness of the Communist movement is presented to the world.

Lenin had said: "*It would be erroneous to believe that revolutionary classes always have sufficient strength for the accomplishment of the overturn at the time at which the conditions of the socio-economic development have rendered the need for that overturn entirely ripe. No, human society is not arranged so rationally and so 'conveniently' for its progressive elements. The need for the overturn way be ripe, but the strength of the revolutionary creators of that overturn may turn out to be inadequate for*

carrying it out. Under such conditions society rots and this rotting sometimes lasts entire decades."

Ever maturing crisis of a society does not by itself bring about a revolution. There m ght be sporadic outbursts of anger. There might even be rebellions as in the case of the Indigo revolts, or the Mopla rebellion, or the Manyam revolt of the girijans; but they will all be expressions of discontent—they cannot be vehicles of change of society from one into the other. Objective conditions for change are created from out of the functioning of the society itself. No special effort is necessary for the creation of objective conditions necessary for a successful revolution.

But the subjective conditions necessary for a successful revolution do not arise automatically. Social st consciousness does not arise automatically from working class struggles for their demands; it has to be imparted from outside by the party of the working class. That is what is meant be '*political consciousness*'. So long as the Communist Party fails to educate consistently and consciously the need for a revolution, the need for an armed struggle for the establishment of the dictatorship of the working class and peasantry, the people's democratic dictatorship; so long as the Communist Party does not "*spread among the working class a concrete idea of the most probable course of the revolution*" (Lenin); the subjective conditions necessary for an armed revolution to be led by the working class will never be created.

Therefore, Lenin insisted that it is necessary to "*spread among the working class* a concrete idea of the most probable course of the revolution" and that we must propagate amongst broad sections of the proletariat the idea of armed people fighting for the capture of power.

We, the Communist revolutionaries, believe in the theory of people's war. We have declared in the immediate programme our path. "*Our revolutionary line—completely different from the revisionist parliamentary path*". "*The vital aspect of this programme is to liberate the villages, encircle the towns and gradually liberate the urban areas*". In the successful implementation of this programme, "*agrarian revolution plays the vital role*". Hence the need for revolutionaries to propagate the importance of land distribution and organise the masses for action on the question of land.

But Communist revolutionaries always remember that the demand for land to the tiller, the demand for land reform in the abstract, is one of the means of duping the masses of agricultural labour and poor peasants. It is the slogan that is successfully being adopted as its own by the party in power. At the present time, the mere propaganda of the slogan, without releasing the initiative of the revolutionary energy of the people, can only show illusions and demoralise the masses; for it makes them believe that the bourgeoisie is humane and turns the masses into a plaything in the hands of the bourgeoisie. At the same time, to create an illusion

that, through coalition governments which include Communists the question of land reforms can be tackled, is greater deception, to pretend to do this is to become the tool of the bourgeoisie to deceive the people. As Lenin says, "*it is the greatest delusions, the greatest self-deception, and a deception of the people, to attempt, by means of this State apparatus, to carry out such reforms as the abolition of landed estates without compensation*".

Therefore, to assume and thereby create an impression that land reforms for the abolition of landlordism may emerge from bourgeois-landlord government is, in theory, to substitute vulgar phrases for a historical study of the policies of this government during the course of the 20 years of its existance. In practice, it is to deceive the masses of the people by beclouding their political consciousness, by covering up and prettifying the real policies pursued by the ruling classes, by concealing from the masses the main thing—namely, that democratic land reforms are impossible without a series of armed struggles.

The objective situation in our country is such that, among the masses, disappointment, dissatisfaction, protest, indignation, and revolutionary temper are mounting—which at a stage of that temper's development may turn into action with incredible speed in quite a number of places. Either aid the growth and development of revolutionary action against landlordism and the government, or also hamper, soothe, and extinguish the revolutionary tempo. There is no third path. This is the only practical way in which the issue now stands posed. The bourgeoisie and their agents in power will agree—and from the standpoint of their interests sometimes must agree—to any verbal concession to the Left such as the announcement of a ceiling of 12 to 18 acres of wet land in the Congress (R) manifesto or even the abolition of landlordism the implementation of land reforms, so that a rupture, at a particular critical moment, between the masses and the opportunist leaders is averted and resumption of more and more serious revolutionary actions thus avoided. That is how the bourgeoisie makes use of the alliance, unity, or even coalition governments with the Left block of parliamentarians, to deceive and disrupt the mass upsurge.

We say to the masses: "Do not trust any highsounding programmes. Do not have faith in any land reform legislations and their implementation by the bourgeois landlord leaders and their government. Rely on your own mass revolutionary action against landlords and their governments". We explain to them and help them to build up such action. There is no escape from landlordism, no possibility of progress without a civil war.

These are the two alternative instances that ought to be placed before the people, consistently and consciously, along with the concrete idea of the probable course of the revolution—so that the tactics of delusion and deception may be exposed and alternatively by organising the people for

revolutionary actions subjective conditions for the success of the revolution may be hastened. Towards this end, "the revolutionary party and the revolutionary people must learn to master all forms of struggle, including armed struggle. They must defeat counter revolutionary armed force with revolutionary armed force wherever imperialism and its lackeys resort to armed suppression." This is the revolutionary guideline, to be followed with revolutionary fervour.

Therefore, the demand of the masses for *'land to the tiller'* and *'abolition of landlordism'* are not the same as the slogans of the class-conscious vanguard. The spontaneous demands of the masses for land is one of the most important symptoms revealing the beginnings of disappointments in the bourgeois lie about land reforms. All efforts must be bent towards utilising this mass urge for land, to politicalise this upsurge of economic consciousness. But how is it to be done, to complete the disenchantment of the masses from the spell of bourgeois influence and make them conscious of the necessity of Agrarian revolution? To recognise the slogan for land to the tiller and repeat it *adnauseum* would mean deceiving the people with the illusion that through agitation and limited struggles the existing government and the present-day master classes are capable of granting land to the tiller, that they can be made to abolish landlordism in a way satisfactory to the masses of agricultural labourers and poor peasants. Nothing is more harmful than such deception. It is the duty of the revolutionaries, to make use of this urge to rouse them into revolutionary actions of distribution of land—to rouse their initiative and revolutionary energy. *"If the words of our programme about supporting the revolutionary actions of the peasantry, including the confiscation of the landlords' lands is not a mere phrase-mongering, then we must think about organising the masses for those actions." (Lenin).*

Such is the path of real Communists. The subjective factor for the success of the revolution is not created by waiting for such a good day to dawn of its own accord. Such a good day would not dawn for ages to come. Political consciousness, can only be created on the basis of agrarian armed revolution as the main plank of the programme. The concrete idea of the probable course of the revolution is the people's war.

Lenin has declared that, *"In the final analysis, force alone settles the great problems of political liberty and the class struggle, and it is our business to prepare and organise this force".*

The Question of Law

Our conception of law is clear. As Marx said, *"I was led by my studies to the conclusion that legal relations as well as forms of State could neither be understood by themselves, nor explained by the so-called general progress of human mind, but they are rooted in the meterial conditions of life, which are summed up by Hegel after the fashion of the English and French of the eighteenth century under the name 'civil society'*

the anatomy of civic society is to be sought in political economy." (A Contribution to the Critique of Political Economy", page 11). It is clear that such civic society has a particular legal system of its own based on the economic relations existing in that period. The system of slave society, the feudal economy, and capitalist relations of production, were the base on which legal superstructure was created. As Marx further explains :

The general conclusion at which I arrived and, which once reached, continue to serve as the leading thread in my studies, may be briefly summed up as follows :

> *In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation on which rise legal and political superstructures and to which correspond definite forms of consciousness. The mode of production in material life determines the general character of the social, political and spiritual processes of life. It is not the consciousness of men that determines their existence, but on the contrary, their social existence determines their consciousness.* (Ibid, Pages 11-12)

The political and social superstructure, built on the basis of mode of production, in any particular period, comprises the armed forces, the police, the administrative system, the educational system, and so on. The legal and judicial system forms part and parcel of the repressive machinery in the maintenance of the acquisitive society.

For a particular time the bourgeoisie succeeds in maintaining the appearance of justice and equality between the classes. This, for a certain period, works as a cover in the defence of its class interests. But this facade cannot last long. H. J. Laski, the intelectual mentor of many of our liberal politicians during the first half of this century, summarises the machinery of justice thus :

> *All men are equal before the courts; but they cannot enforce this equality save by the possession of wealth they do not possess. The humble tenant who seeks redress against the landlord, the servant girl who is dismissed without wages by her mistress, the workman injured in the course of employment and refused compensation by an employer who argue negligence on his part all these are but instances of an inequality before the law which gives the lie to the democratic thesis of equality. The hierarchy of courts, moreover, may well swallow up in the costs of appeal even the pitiful redress the worker has been able to secure .... the very fact that special legal institutions have been created which seek to alter the balance the present order maintains, is itself proof that the*

democratic claims is inadequate. (Quoted by the Communists in their statement to the court in Meerut conspiracy case).

The same view of the class nature of the legal machinery was taken by no less considerable authorities than the Webbs ("History of Trade Unionism", page 625-626) *in their account of the Osbonne judgment. They refer to 'the bias and prejudice, the animus and partiality—doubtless unconscious—of the judges themselves ..... the undisguised glee with which this grave miscarriage of justice was received by the governing class ..... and state : 'what lay behind the Osborne judgment was a determination to exclude the influence of the workmen's combinations from the political field'. Thus these authorities admit the class character of the law and judiciary.* (Ibid : page 296)

In our own country, the conditions are certainly no better, if not worse. For all practical purposes, the law of the jungle prevails as narrated in my statement.

Never probably in the history of our country have so many conspiracy cases been instituted against revolutionaries as today. How constitutionally and legally the established government functions and how the so-called democratic governments throw overboard their own constitutional principles and law was the running threat of most of my statement. Even in regard to this case, in which we are all charged, every constitutional injunction has been burried deep by these who swear by sanctity by the constitution. For example, Article 22 (2) of the constitution lays down that the arrested persons should be produced before a magistrate within 24 hours of arrest. We have seen in the course of my statement how, in thousands of cases, this was not implemented. In the course of this case itself it has been brought to the notice of the court that quite a number of comrades—Ramalinga Chari, Simhadri Subba Reddy, Mohan Reddy, Kolli Lakshmana Swamy, Meesala Venkata Rao, Manam Rama Rao, Veera Venkayya, Sundaraiah, Santhi Raju, Burada Appa Rao, Tirupathi Venkateswaralu, and Mandla Subba Reddy—were kept in illegal custody, for months together in the case of a few of them, and tortured before producing them in the court. And we have brought to the notice of the court the illegal and unscrupulous methods adopted to obtain 164 statements even though Article 20 (3) categorically states that no person accused of any offence shall be compelled to be a witness against himself. The instances, of Vemuri Subba Rao, Appanna, and Meesala Venkata Rao, are glaring examples, other than those of immoral inducements to Mrs. Jhansi and Mohan Rao. The instances of Panduranga Rao became clear when he himself cross-examined the witness in the court. Could there be a better example than those of the necessity of revolution and the communist policy ? The experience of this case confirms the correctness of our policy—the policy of uncompromising struggle for the establishment of a people's democratic State.

Revolutionaries Must and Will Unite

We are in the period of revolutionary upheavals in India. On the basis of Mao Tsetung Thought, on the guidelines of the 'people's war', the revolutionary spark from Naxalbari spread fast and wide and engulfed vast areas of Srikakulam, Khammam, Warangal and East Godavary. The masses were roused for land in Anantapur and Kurnool. Apart from the vast armed struggle areas of Parvathipuram, and parts of Khammam and Warangal in Andhra, there have been peasant armed struggles in areas in Bihar and Bengal. Vast revolutionary experience has been gathered. Brilliant successes have been achieved. Vast defeats have been encountered.

Taking advantage of serious discussions amongst revolutionaries of all shades in the country, in the evaluation of the experiences gained, sometimes leading to serious splits, the revisionist and reactionary forces in the country are all jubilant. They confidently assert that their senile programme of parliamentary path and their tie-up with the ruling party have proved a great success. They blinded by the success of temporary alliance with the ruling party, fail to note that their programme is already emasculated and is well on the way to final extinction. A day is fast approaching when their usefulness to the ruling party will be nil and they will find a place in the dust-bin of history.

This purposeful great debate amongst the revolutionaries for the principled evaluation of successes and failures, on the basis of experiences of revolutions the world over, and on the basis of our own struggles, will certainly unite the revolutionary forces in the country in the long run. This long drawn out 'people's war' can never be a series of successes alone. No revolution has ever been so.

India is a vast continent of various nationalities. Objective and subjective conditions are not the same all over the country.

With flexible tactics and adoption of various forms of struggles, with armed peasant revolution as the main struggle, I am confident that the Indian people's democratic revolution is on the march to success.

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ERRATA

PAGE	LINE	WRONG	CORRECTION
10	24	Indidenous	Indigenous
11	10	Incentious	Incestuous
11	13	Deplomatic	Diplomatic
11	14	Doctrainaire	Doctrinaire
14	40	Set Bank	Set Back
16	9	Knohow	Know-how
23	9	Placed	Place
23	27	Hights	Heights
23	33	Javourable	Favourable
23	41	Deedsti	Deeds
24	15	Limitless Lus	Limitless lust,
24	33	Amorisation	Amortisation
25	35	Beureau	Bureau
26	20	Paln	Plan
26	21	Cutline	Outline
31	33	Industria	Industrial
34	8	Effortr	Efforts
42	30	Ut That	Out that
43	18	Siokiong	Sinkiang
43	52	Refin Ries	Refineries
46	29	That He	That the
50	29	So The Courti	To the Court
57	2	Sonething	Something
61	Last Line	The Inian Baby	The Indian Baby
62	33	Categorical is Stating	Categorical in stating
69	5	Lemin	Lenin
75	9	Poetern	Pattern
77	43	Traingt	Training
77	44	Creain	Create
87	15	Credits Exter-	Credits exer-
89	15	Contridictory	Contradictory
92	18	An eye open	An eye opener
100	38	Ole in The	Role in the
131	14	Is know to all	Is known to all

149	41	Prosses	Process
150	4	Has Afford	Has offered
152	Last Line	Whatever his	Whatever be his
165	40	In in umpteen	In umpteen
181	6	Deep	Deeper
183	20	Incease	Increase
192	20	Wate man	Water man
193	22	Strigent	Stringent
194	2	Anti tuber closis	Anti tuberculosis
198	30	The Trariff	The Tariff
211	3	Per requisites	Perquisities
201	Last Line	Ramakrishna	Ramakrishnan
212	32	From of	Form of
214	1	Who	Who are
215	35	Is was	It was
224	21	A full Steady of	A full study of
229	Last Line	The mor	The more
236	31	Gentral	Central
248	17	Middle cast	Middle East
259	42	Behing	Behind
260	14	Baste	Basic
265	5	Mark	Marx
268	26	Indns-	Indus-
270	17	Sapply	Supply
272	3	Activitly	Activity
272	22	Mobiliation	Mobilisation
286	8	Suppoet	Support
288	26	Peasantly	Peasantry
294	24	Oppertunitiet	Opportunities
302	38	1342	13.42
303	24	Bcch gaya	Bodh-gaya
311	44	Attac	Attack
325	30	Hand-pums	Hand-pumps
332	8	30	380
351	2	Offensive Against	Offensive step against
352	28	Despoilation	Despoliation
356	24	Engles	Engels

Notes: 1) Note in Page 14 "ALL ROUND CRISIS OF INDIAN ECONOMY" as a title of the Chapter.

(2) In FOREWORD, Page XV, in the Single Indent columns, after the first Para the following Para begins—

"The total Cost of the project is about 48 crores and is being met by a pattern of financing which is unique in the industry and in India for a project of its size."

After the above para, i.e , in the Next Para, instead of the first line *'The total cost of the project is about'* read it as *'The company has obtained credit of'*.

APPENDIX

[We are publishing here a speech made by comrade T. Nagi Reddy in the Budget Session of State Assembly of Andhra Pradesh in the month of March, 1969. In this speech, comrade T. Nagi Reddy, while commenting on the economic and political policies of State as well as Central Governments and critically reviewing experiences of 16 years as either Member of Assembly or Parliament has announced his resignation to the Assembly and faith in the revolutionary mass line which he had already taken up. Thus this speech is a most significant and revolutionary event not only in the political life of comrade T. Nagi Reddy but also for the communist revolutionaries in Andhra Pradesh. This speech was made partly (mostly) in Telugu and partly in English. The italics is to indicate the English part of the speech.]

"To Move The People Into Revolutionary Action Is Our Task"

We are Meeting Today in the Midst of the Extremely Serious Crisis Around. We can see it right in Andhra Pradesh. If we keep in our mindhat we are in a great crisis not only here in Andhra but through out India, it will be possible for us to carefully understand all these phenomena.

A SEVERELY INTENSIFYING CRISIS, AND A GREATER SURGE OF STRUGGLES

As we come into (the House), we find some going on hunger strike and some others on strike for wage increase. If we do not have a policy or programme to control them, it is possible to think that our government has no policy other than resorting to lathi charge or repressive measures on them. After 20 years of rule, could the government establish a peaceful atmosphere anywhere in the peasants, farm labour or middle class people? I don't know if the government in the saddle can afford to ponder over this today One thing is clear. I have no hope whatsoever that the policies followed, either in India as a whole or in the states, will help us come out of the crisis we are facing today. They will only further intensify the crisis And there will be the consequent rise in restiveness, more apprehensions and a further increase in struggles. I don't think if these Assemblies, these governments, or the Parliament have any way out to search for and implement appropriate measures.

THE COMPRADOR RULING CLASSES MORTGAGING OUR COUNTRY TO IMPERIALISTS

What is our economic situtation? To tell the truth, the economy of our State is not in the hands of the government, it had slipped away. Perhaps it is fondly hoped that it is in the hands of the Central government. But then the economic plight of the Centre itself needs to be

considered. It is surprising, but it is characteristic of the entire country today. If in any country, the government runs into deficit, there are only two ways of tiding over the deficit. One way is to cover up the budgetary deficit with loans raised within the country. Once in a while, under special circumstances, we can attempt to cover up the deficit with foreign loans. But what is the policy adopted by our government? Since the last five or six years, the Central government had been relying more on foreign loans than on domestic loans to cover the deficit. Is this government called a national government? Or shall we call it a foreign government? This is my genuine doubt. As there is no time to give detailed figures, I will just show an instance or two.

If we examine carefully how the foreign loans raised by the government are increasing year after year, we find they were Rs. 711 crores in 1961-62 and rose to Rs. 1586 crores in 1967-68, 'Our budget stands on foreign loans. Our Indian government's budget cannot survive unless it draws Rs. 1500 crores annually as foreign loans.' 'If Mr. Brhmananda Reddy (Chief Minister-Tr.)' sits here consulting the stars as to how much money the Central government would grant us, the Central government is also doing the same there as to how much foreigners would grant them. Beyond this And beyond befooling the masses by chanting about self-sufficiency and what not, what else are we doing here? Ponder over this and it will be surprising. And what is the effect of these foreign loans? The percentage of foreign loans in our national income was 0.039 in 1950-51. It went up to 11.1 per cent in 1955-56, to 15.4 per cent in 1960-61 and to 20 per cent in 1966-67. So, by 1966-67 itself the loans we have to repay to the foreigners is 20 per cent of our national income. We may all think that ours is an independent government and that we are independently managing all the affairs of the government. But to tell the truth, *It is a deceit deceiving ourselves and deceiving the people.*

THE ANTI-NATIONAL GOVERNMENT : PRIORITY : TO DEFENCE

Why is this crisis? Why are all the people coming on to the streets? Why is it they are being roughed up by lathis? Is it enough to say that we are passing through a hot period? Will development be possible if the major portion of our budget is to be earmarked to repay foreign loans? *Therefore, A situation has arisen. It has become impossible for this country to progress even a step forward unless certain very important decisions are taken; of course which neither this government nor the government based on this society can take: That is the fundamental feature of this crisis.* This is why there is a feeling that there is no regional development, that some from outside are bossing over here—and that jobs would not be available unless they

are driven out. Such diversionist trends are seen at many places. *That only shows the greatest crisis that has entered into our society.* What should the government do then? Alas. For them there is only one way and they are doing it. What is it? It is not spending on developmental measures, but to spend on defence and police to bash up—lash up-the people. So as our loans increase, as we increasingly rely on foreigners, the government expenditure can no more be on development but will have to be on defence. It is good to keep this also in mind. Look into the budget, the revenue budget of the Central government. If Rs. 545 crores are spent to repay foreign loans and interest and Rs.895 crores on defence annually,from where Mr.Brahmananda Reddy can get loans for development, I ask? Out of a total revenue of Rs. 2,595 crores in 1968-69, Rs. 895 crores is for defence, Rs. 545 crores for debt servicing. This debt servicing increases year after year. *Therefore, I would say that the present government is anti National.* When I said this last time, I put it briefly as I spoke only for 10 minutes. I said only in two words that this is a government that has come only to implement an anti-National policy. If I take more time now, it is to substantiate it. For that I put this before you. *Let us not deceive ourselves thinking that we are the independent government—we are not.*

FIVE YEAR PLANS - AT THE MERCY OF THE IMPERIALISTS

Whenever we had to formulate and shape our Central budget during the last 10 years, we had been inviting men from World Bank, whom we call, 'experts' in the technical knowhow etc., and we are preparing our budgets as per their likes and dislikes. If anybody entertains or mistakes that we are doing as per our likes and dislikes, it is harmful to the country. *I do not want to create that opinion. This will be wrong, false,* I have also seen what are heads showing rise. Leaping forward in our State or Nation as a whole? What happens in Delhi will reflect here also. Though we have a separate budget, can we leap a step forward here if they leap a step backward there in the Centre? Impossible. But then why are they putting up pretence, there in Delhi? During the first Plan, for 5 years, our debt servicing was Rs. 199 crores. It was Rs. 276 crores during second plan, Rs. 1,293 crores during the third plan. Three years have passed. They say fourth plan is in the offing. But I don't believe it would come off. It is not there, it is blown away. After the eagle from America has knocked it away, what is left for you? During third Plan, for 5 years, the debt servicing was about Rs. 1,300 crores. And then in the three years that followed we paid out Rs 1,500 crores. As we increasingly resort to loans, the interest due is also growing. Besides interest, we have to repay the principal amount. Where is budget for it? They brought out a stamp also to commemorate Wheat Revolution and presented us with it. They said everything is O.K. now; the country

is self-sufficient. Then why do they take steps, as part of the government policies, which prevent self sufficiency? If there is to be self sufficiency by chance, by default, they take steps to prevent it. They know how to strangulate such a development. No consideration on what to tax and not to tax. Afterall, when the (foreign) moneylender sits before you wielding his stick, what else would you do except mopping up everything by taxation? Can you escape this? You brought out a stamp on Wheat Revolution. And you taxed fertilisers. A first class step, a clever one indeed! Nothing cleverer was forth coming. It is a surprise. But it is only one part of the story.

It is three years since the third plan was over. They said gigantic industries are set up. When I read the R. B. I. report, there was a surprising thing. Of the industries set up in our country, 80% of the industries are foreign-owned or foreign collaborated industries. We have little. Mr. Chairman, We are all nationalists (!), perhaps with one exception. As Mr. Chavan (the Union Home Ministe-Tr.) puts it, ideas from across the mountains are said to be pouring into the heads of some people. I do not want to deny it. I said it plainly in one of my statements. But what pains me is that orders are coming from across the mountains. You cannot prevent ideas from flowing across the mountains. It is impossible in the world (Mr. Chavan was referring to Maoist ideas, while com. T.N. was referring to Imperialist orders Tr). Do we profit firom 80% foreign industries? I said it the other day. *The drain of our resources from this country has begun to flow with full force. It has not even happened at the period of colonial exploitation of this country.* Dadabhai Naoroji and R.P. Dutt.... wrote great things about exploitation, about drain of our resources in those days. If we closely examine them, we find the resources drain from India today is huge, greater than in British regime it is twice or thrice. We should not forget this.

SERVILE TO FOREIGN MONOPOLISTS

Is it enough to say, 'Look the factories here, look there'? Yes, in Visakhapatnam there are some industries, no matter who erected them. Walls are erected there, there is smoke going up the chimney, something is being produced..... Is it enough to say this? Assume they are ours? What sort of factories are they? I will read out. This address (which T.N. quotes-Tr.) is of Mr. Adorkar, Deputy Governor, Reserve Bank of India:

> *"The collaboration agreements had been (having) number of restrictive clauses. Apart from heavy royalty fees, there were clauses to obtain material, equipment, and personnel from the collaborating firm and also to fix price in consultation with it."*

Would you enlighten as to what are our powers in this? We say ours is an independent India! In this independent India, what is the control we exercise over these industries? We cannot determine the price! We cannot determine where to purchase new material, nor about production! What do you call it? "*Even restrictions on exports were also fairly common,*" After the imperialists have tied down the economy of this country, when Telangana people are wronged and when money needs to be spent on them ... I ask, where is the money? Would it go in to repay loans to America? Or is it for doing something for Telangana people? Where is the money? This drain goes on in umpteen ways. Adorkar said : *As a matter of national policy, the industries should be free from any conditions. It cannot limit its freedom to export or to fix a price.*

After so much time, after having left all the industries for them to gobble up, today we want to control them. But we cannot. I told you—The fertilizer unit would not come up in Kothagudem. It is not in the hands of the Central government to say that it would come. It is in the hands of America or some other imperialist, of some capitalist. It is neither in the hands of Indira, nor of Brahmananda Reddy. To set up a fertilizer factory in India, there are no powers to decide anything here. If you think you have—(go, set up the factories.) you have raw material for that in Kothagudem. You have enough of it for two fertilizer factories in Visakhapatnam. That is why I said—*You cannot rule this country in the interests of your own country. You are ruling this country in the interests of foreign monopoly. This is anti-National.*

After you started implementing such policies, the budget, the economy, the raw materials, everything of this country are at his call. Perplexing! Our coal mines are closing down, in Bihar, in Kothagudem. But trains are being dieselised. I wonder, is dieselisation so important? Even if the coal mines close down? To make steam engines we set up gigantic units in the public sector. Even if it has to close down, yes dieselisation is a must. With American aid you have to set up a factory in Varanasi for switch over to dieselisation. And that is not a factory to really produce those engines. It will import material, it is merely an assembling unit. *It is not a production factory. It is a process factory. That is the state of affairs of this country, and these people who think that we all anti nationals are deceiving us, the public, but not for long.*

When this is the situation, after you handed over the reigns of development of this country to somebody else, if you ask me to give instructions and suggestions, I can't. (It was budget session of the House-Tr.). *I am at a loss " There is no constructive suggestion that can be given to our degenerated budget which is already placed in the*

hands of foreign monopolists. The state cannot function on its own, except on the good wishes of somebody who is outside our country. That is the totality of the picture.

We have also to see how the resources in our country are being drained out as a result of this penetration. *Do you know, as per my calculations—it is only a rough calculation, perhaps a technical committee can give a more accurate one than mine, minimum of Rs. 110 crores per year other than trade which is regularised trade between our country and other countries is passing outside our country every year.*

Towards repayment of principal and interests and sundries, we are paying to the foreigners Rs. 500 crores from the Central budget, four loans raised afresh. For the capital invested in our country, we are paying out a few hundred crores of rupees every year, either as interest or as profit over the capital. *It may be minimum of Rs. 10,000 crores. Repatriation of capital must be quite a big amount.* In addition to this, how much are we paying up as royalties? How much for technical knowhow? Because there is that clause in every company, the clause which I referred to in the R.B.I. bulletin and which stipulated that we should purchase raw materials etc., from specified sources, he is selling them to us after inflating the cost by anywhere up to two thirds its cost in the international market. So the costs of goods manufactured in factories within our country are rising. Once the drain has started, *It cannot be stopped. What can be done from here? Nothing can be done. That is the state of affairs to which we have come.* So these prices have to go on increasing. They will be. I have 12-14 years of experience with Assembly and Parliament. We have said many things. We have waited if anything we said would be implemented. *To my bitter experience, I don't think we have succeeded in getting even a single suggestion implemented.*

THE RULING CLASSES WHICH PROTECT THE INTERESTS OF LANDLORDS

As an example, let us take the recent two or three years. How many instances of atrocities by landlords and by police have we brought up here, either through our speeches, or call attention motions or adjournment motions? *Has, anything been done? Atleast in one instance, has any action been taken? What should I say when I go back to my village? Six miles from my own village, in one village, a landlord beat up a farm servant to such an extent that he was about to die. Then endrine was thrown into (his) mouth, and report was made that he died because he drank endrine.*

When an ordinary farm labourer is killed, we have never heard any landlord being arrested, never in the history of our society. That will not happen. For that matter, have we ever really enquired into complaints of police atrocities? A hotel worker of Anantapur town was taken to the police station twice (and beat up).... even before he could be treated he died. Was it enquire into and any action taken? Such things, countless instances of landlord and police atrocities in West Godavari district, in Khammam, in Kurnool were brought before this house by us. And not one of them the government was prepared to order an inquiry. Under the circumstances, what should we decide to do?.... *Nothing can be done here. The best thing is to rouse the people outside. That is exactly the decision to which I had to come.*

There is a movement going on in Srikakulam. Who inaugurated it? The day(31-10-'67)in 1967when landlords fired on a procession of people going to a meeting and killed two people. And today police are being sent on a massive scale. S.A.P.squads are being sent.That day the government did not take any steps whatsoever to immediately arrest the landlords, to break into their houses and take necessary steps. *The softness to the landlord class is the very basis of this government, with the result that all classes are coming out in revolt today, may be in a small way in one place and in a bigger way in another place. The revolt, the tendency to revolt is the most evident factor in the whole country.* We are not even giving a temporary consolation to them that we are here talking in the assembly on their behalf. Instead, we are handing over the economy and politics of the entire country to the foreign countries. Neither are we able, here, to resist the atrocities in the villages, nor are we organising the people outside for resistance. And thus the people are left to fend for themselves.

UNLESS PEOPLE ARE MOVED, EXPLOITATION AND ATROCITIES DO NOT END

Sitting here in the Assembly for 16 years, could I render the people any consolation by reflecting about these here? Would it even be possible? When I think of this, I find there was no other purpose served, except an attempt at a sort of demoralisation. Unless people are moved, unless people learn to stand up to and resist these atrocities on their own, there is no way out. Because I came to the conclusion that there is no other way except this..... *It is after a serious thought that I decided that I should get out of this Assembly here and now, That is one of the most important reasons. I have tried my level best*

to bring forward a number of things on various acts of exploitations, immoral and illegal and no body could even support in any manner. Nothing could be done. What else could be done? The country is going into a bigger crisis, economic and political. Are we going to leave the people to themselves and ask them to wait on, to see as to what is happening inside the assembly. When this Assembly has become to my experience just a talking shop, a kind of mockery so far as the interests of the people are concerned what I have decided is a very serious decision after a long life of 16 years of parliamentary democracy in the country in which I have played a part all these years.

Meanwhile, *I would like to inform the house also as I leave, that if you think that out of discussions deliberations and decisions of the house, the situation in this country is going to be bettered, you will be disillusioned, just as I have been. There is no doubt about it. If you think that through the proceedings of this assembly or in Parliament we are going to end the anti-National policies of this government, I am sure you will be disillusioned in course of time just as I have been now. Then what is our duty? The way out for any person to save his own country, is to rouse the people to action against the exploiting and ruling sections of imperialism and landlordism. That is exactly what I had said in my previous speech. It is to do that job that I leave this house and I wish I will be able to devote as much time with vigour as I have devoted my time in this Assembly. What ever the political opinions expressed, I must thank for the personal regard, affection and quite an amount of leniency that they have shown to me in this house. Quite a number of times I have been harsh and quite a number of times I have been excited and quite a number of times I have shown patience with the hope that something will be done. Whether I was excited, Whether I was angry, or whether I tested the nerves of the ministers, the speaker or the members, they have always shown me a great regard and they have given me enough patient hearing. With all the disillusionment that I am carrying outside, on the achievements these 16 years of my existence in this house I carry with me pleasant memories; the house has treated me well and the members also have shown due regard. I must specifically thank the Speaker for whenever I have provoked him quite a number of times, knowing that it is not proper within the rules of the Assembly knowing that I have done quite a number of times, even then he has given me enough opportunity to express my opinion, and I must thank him and take leave of the house.*

"We, the Communist revolutionaries believe in the theory of People's War. We have declared in the Immediate Programme our Path. "Our revolutionary line —completely different from the revisionist parliamentary path." "The vital aspect of this Programme is to liberate the villages, encircle the towns and gradually liberate the urban areas." In the successful implementation of this Programme "Agrarian Revolution plays the vital role." Hence the need for revolutionaries to propagate the importance of land distribution and organise the masses for action on the question of land."

("INDIA MORTGAGED" - Page 387)

"INDIA MORTGAGED"

"It is no wonder that after 25 years of the so-called independence that I have been arrested under an Act promulgated in the year 1860—i e, more than 100 years ago. How and why did it happen that the so-called 'non-violent' revolution led by the Indian National Congress, under the direct management of a 'Mahatma', and ruled under the unquestioned rule of his protege, Jawaharlal Nehru, for more than 15 years, catapulted India not into a living epoc of progress, but into a dead epoc of stagnation with all the old laws, old henchmen and old names. Whatever the outward changes in political control nothing essential has changed either in our social set-up or in our economic organisation. The imperialist exploitation in fact continues as in the past probably much more rigourously. Feudal exploitation and violence in the rural area has taken to a new intensity. Fundamentally administrative set-up with all its rules continue to be the same."

Is it not fantastic that me and my collegues are being charged with conspiracy to change this demeaning state of affairs? Is it not fantastic that those who have sold the country's resources lock stock and barrel for tens of years to come to foreign financial interests charge us as traitors? Any citizen with a grain of patriotism in him, should by nature revolt against such a degrading state of affairs to resurrect the great glory of the Indian people and the Indian Nation"

T. Nagi Reddy

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